

172121

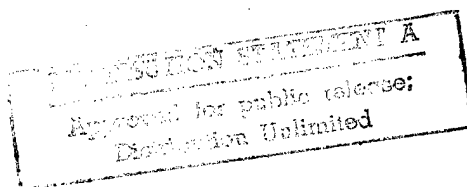
JPRS 83487

18 May 1983

# USSR Report

INTERNATIONAL ECONOMIC RELATIONS

No. 56



19980716 156



FOREIGN BROADCAST INFORMATION SERVICE

STO QUALITY IMPROVED 8

12  
57  
A05

## NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

## PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service (NTIS), Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semimonthly by the NTIS, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

Soviet books and journal articles displaying a copyright notice are reproduced and sold by NTIS with permission of the copyright agency of the Soviet Union. Permission for further reproduction must be obtained from copyright owner.

18 May 1983

# USSR REPORT

## INTERNATIONAL ECONOMIC RELATIONS

No. 56

### CONTENTS

#### USSR-CEMA TRADE

Coordination of Plans for 1986-1990 (Vatslav Kotouch; EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV, Jan 83).....	1
CEMA Industrial Specialization, Cooperation Reported (Shtefan Dulovets; EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV, Jan 83).....	8
Foreign Trade of CEMA Countries in First Year of Current Five-Year Plan (Valeriy Orlov; EKONOMICHESKOYE SOTRUDNICHESTVO STRAN- CHLENOV SEV, Jan 83).....	15
Analysis of Dynamics of Capital Intensiveness in European CEMA Countries (Ye. M. Tromlakova; IZVESTIYA AKADEMII NAUK SSSR. SERIYA EKONOMICHESKOYE, Nov-Dec 82).....	20
CEMA Standards Applied in Hungary (S. Dardykin; IZVESTIYA, 11 Mar 83).....	39
CEMA Permanent Commission for Standardization Detailed (Helmut (Liliye); EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV, Nov 82).....	42

#### TRADE WITH INDUSTRIALIZED COUNTRIES

November 1982 Meeting of U.S.-Soviet Council (FOREIGN TRADE, Mar 83).....	52
Soviet Aid in Rebuilding Syrian Port of Latakia (R. Moseyev; PRAVDA, 18 Apr 83).....	63

French-Soviet Commercial Relations (A. Karpenko; EKONOMICHESKAYA GAZETA, Mar 83).....	66
Austrian, FRG, Swiss Officials on East-West Trade (O. Nikiforov; SOTSIALISTICHESKAYA INDUSTRIYA, 1 Apr 83).....	68
Interview With Board Chairman of Deutsche Bank AG (Friedrich-Wilhelm Kristians Interview; SOTSIALIST- CHESKAYA INDUSTRIYA, 30 Mar 83).....	70
TRADE WITH LDC's	
Breadth of Soviet-Afghan Trade Links Reviewed (NEW TIMES, Apr 83, FOREIGN TRADE, Apr 83).....	72
Overview of Soviet-Afghan Agreements, by G. Vekshin Specific Projects, by Namik Yakubov	
Briefs DRA Delegation Visits Uzbekistan	82

## USSR-CEMA TRADE

### COORDINATION OF PLANS FOR 1986-1990

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 1, Jan 83  
pp 14-17

[Article by Vatslav Kotouch, CEMA Secretariat: "The Coordination of Plans for 1986-1990"]

[Text] The Program for the Coordination of Economic Plans for 1986-1990 which was approved by the XXXVI Meeting of the CEMA Session includes many new elements which reflect the very complex problems of the economic development of the socialist commonwealth in the 1980s.

The program consists of three parts. In the first the goals, directions, and organizational-methodological bases for performing the coordination work are defined; in the second part procedure and time schedules are defined; and the third contains a list of the economic and scientific and technical cooperation problems which are to be coordinated on a multilateral basis during the years 1986-1990, while for individual matters there will be a longer time period.

What is fundamentally new in the program is the fact that it envisages in addition to the coordination of plans, an agreed-upon (by the interested CEMA countries) economic policy as a whole. As is known, this idea was put forward at the 26th CPSU Congress. It was supported by the congresses of the fraternal communist and workers' parties and by the CEMA top agency--the Session. Let us note that a coordinated economic policy as a whole has to embrace not only the relations between the CEMA member countries, but also their foreign economic relations with third countries. Concrete forms and decision-making procedures are now being worked out and will be examined at a forthcoming conference of the top party leaders of the CEMA countries.

A long-term coordinated economic policy will become an important factor in the successful development of the plans for the future social and economic development of every individual fraternal country, and a reliable orientation point for their coordination within CEMA.

The basic goals and tasks which have been mapped out in the first part of the program are in accord with the strategic path of economic growth which has been defined in the program documents of the communist and workers' parties of these countries. They envisage:

a further improvement of the well-being of the peoples on the basis of the stable and balanced growth of the economies of the CEMA countries;

an acceleration of scientific and technological progress and the shifting of the economies to an intensive path of development;

a more efficient use of the countries' production and scientific and technological potential;

the involvement in economic turnover of new labor, material, financial, and other resources, while at the same time thoroughly economizing them.

Special note is taken in the program of the fact that the next 5-year period, like the present one, has to be a period of intense production and scientific and technical cooperation. For this reason, in 1986-1990 coordination work will be basically directed:

at the long-term provisioning of the substantiated and rational needs of the economies of the CEMA countries with energy, fuel and raw materials, agricultural and food products, machinery and equipment, consumer goods, and transportation equipment;

at an acceleration of the process of progressive structural changes in the economies on the basis of a joint effective use of the achievements of the scientific and technological revolution;

at a better use of the scientific and technical and production potential of the CEMA countries for the purpose of realizing joint programs, and eliminating parallelism in production and unwarranted imports of raw materials, materials, equipment, and technology from capitalist countries;

at a maximum involvement in the international socialist division of labor of the Socialist Republic of Vietnam, the Republic of Cuba, and the Mongolian People's Republic in order to accelerate the efficient development of their economies;

at increasing the ability of the export potential of the CEMA countries to compete and strengthening their positions in the world economy.

The establishment by CEMA agencies of the seven priority directions of specialization and cooperation in machine building is of great importance for improving the structure and technical level of production and for shifting it to an intensive path of development. This will be reflected in the coordination of plans for the following 5-year period, since for some of them the corresponding documents were already signed at the XXXVI Meeting of the CEMA Session. We are speaking about the general agreements on multilateral cooperation in the development and organization of a specialized and cooperative production of industrial robots, the development and extensive economic use of microprocessor equipment, and the development and production of microelectronic products for computer

equipment. The realization of these agreements will have a fundamental influence on the reequipping not only of machine building, electrical engineering, and electronics, but also of other branches of the economy, including the non-production sphere.

It is especially emphasized in the program that cooperation problems should be solved with a view toward the long term. This is an important distinguishing feature of the current stage of plans coordination. A period of more than five years is envisaged not only for the organization of the specialized production of machinery and equipment with a long production cycle, but also for capital construction for agreed-upon fields and objects, interaction in the fuel and energy and raw materials complexes, and so forth.

This way of posing the issue springs from the fact that the cooperation results of one period are organically connected with the results of subsequent periods. It is for this reason that a great deal of attention is devoted in the program to a careful preparation of the pre-planning and pre-production stages of cooperation.

As practice shows, a large role is played in the coordination of plans by forecasts--general economic and branch forecasts which are interconnected. Taking into account that as a consequence of changes in market conditions and of an acceleration of scientific and technological progress they lose their topicality with time, the program points out the necessity for systematically amending them.

One more distinguishing feature of the new program is the overall nature of its solution of the problems of interaction. A substantial amount of experience has already been accumulated in this regard during the course of the development of the DTsPS [Long term goal program for cooperation]. The task today consists in applying this principle to all of the measures being carried out.

By overall nature we understand coverage of all of the participating branches and cooperation along the entire social reproduction cycle: science-technology-capital construction-production (on the basis of specialization and cooperation)-deliveries-technical equipping.

The results which are achieved from the coordination of the plans have to be consolidated in treaties, agreements, and contracts in which the mutual obligations of the sides and the terms and dates of their fulfillment have to be precisely formulated.

It is emphasized in the program that production problems have to be solved in close coordination with scientific and technical problems. Only in this way can success be achieved during the coordination period and can the pre-conditions be created for the cooperation to have a continuous character also after 1990. Only in this way can the scheduled introduction into the economy of joint development work and research be ensured.

The performance of coordination work simultaneously on a bi- and multilateral basis which is provided for by the program and which creates an orientation toward the unity of the coordination processes and of the development of national plans continues to be an important method which has fully justified itself. This will make it possible for the countries to take account of the results which have been achieved during negotiations and in the preparation of their own 5-year plans. The fact that plans coordination occupies a central place among the other forms and methods of cooperation in the field of planning work is being confirmed with new force. The full use of the advantages of coordination by all of the Council's agencies increases the effectiveness of the results of interaction.

While moving multilateral coordination to the forefront, the program points out that an important task of bilateral cooperation is the realization of the increasing number of multilateral agreements which have to be reflected in bilateral commitments.

Especially great importance is being attributed to long-term specialization and cooperation programs between the Soviet Union and the other CEMA countries, and to coordinating them with multilateral division of labor agreements in the various branches of material production, particularly with the DTsPS.

As is noted in the program, the bilateral plans coordination work has to be carried out among the countries beginning with the second half of 1982 and until the first half of 1985.

The multilateral coordination will be carried out within the framework of the appropriate CEMA agencies and international economic organizations of the CEMA countries. The CEMA Committee for Cooperation in the Field of Planning Work occupies a leading place among them. Along with the CEMA Committee on Scientific and Technical Cooperation, it defines the questions which have to be examined on a multilateral basis, their preparation dates, and their executors. The CEMA Committee on Cooperation in the Field of Planning Work coordinates the working out of overall interaction problems, and organizes the coordination of problems connected with the construction of large objects which are of great importance for the development of the economies of all or of a group of CEMA countries.

Multilateral coordination has to be completed in the second half of 1984, that is, a half year earlier than bilateral. Materials based on proposals by the countries will be examined in the CEMA Committee for Cooperation in the Field of Planning Work and the CEMA Committee for Scientific and Technical Cooperation during the first quarter of 1983 and then handed over to the Council's Executive Committee.

In accordance with the program, the International Investment Bank will be linked up with multilateral coordination for the next 5-year period. Its participation is needed for the discussion of questions connected with extending credit to objects whose construction has been planned in connection with the realization



of DTsPS, with production specialization and cooperation measures, and so forth. When the agreements are prepared a determination is made of what machinery, equipment, and materials will be supplied to these objects; what other goods it is planned to export from the CEMA countries which are interested in the construction of objects to meet the cost of their share of participation in the construction; and what output, in what amounts, and on what dates will be received by these countries from the objects to meet the cost of their deliveries of machinery, equipment, and materials.

The steady growth of the economic potential of the CEMA countries, their increasing commodity exchange, and their deepening interaction in the production sphere are requiring that the coordination work be carried out not only on the level of state agencies. The economic associations, combines, and individual enterprises and foreign trade organizations of the CEMA countries must also take part in them. They have to be drawn into the development of proposals which have the goal of further developing cooperation in the field of production, science, and technology, and of concrete measures for the realization of agreements. The attachment of these organizations to coordination work as early as the initial stage will help to coordinate the concrete commitments of the interested countries and will make it possible to select the most effective directions and forms of international production specialization and cooperation.

The fulfillment of the commitments which have been formulated in contracts and agreements and included in national plans depends to a decisive extent upon the interaction of the economic mechanisms of the CEMA countries. For this reason, an exchange of experience on improving economic planning and management systems continues within the framework of cooperation in planning work. And the success of the enterprise depends to a large extent upon the effectiveness of the above.

The coordination for 1986-1990, like for the previous planning period, will be completed by the signing of bilateral protocols. In accordance with the program, this will be done during the first and second quarters of 1985. The protocols will also reflect those problems on which work should be continued.

As in the past, a list of mutual goods deliveries will be a component part of the protocols. During the next 5-year period there will be a substantial increase in the share of deliveries carried out on the basis of bi- and multi-lateral cooperation and specialization, or of the joint construction of production objects. The protocols will also include the results of coordination in the field of capital construction. This will make it necessary to solve problems connected with contracting work.

Also new in the program is the fact that the protocols have to provide a reflection for measures agreed upon by the interested CEMA countries aiming at cooperation with third countries, and, above all, with the developing countries which are orienting themselves toward a socialist path of development.

As is known, the results of economic cooperation become more effective if agreements which have been reached are clearly recorded in state or inter-governmental

agreements and contracts. When multilateral general agreements are concluded the simultaneous signing of bilateral documents which concretize the commitments of the sides has justified itself. The program calls especial attention to these important matters. It points out that during the course of plans coordination, as the solution of one or another cooperation problem is solved, the corresponding agreements should be concluded. The commitments which have been fixed in them have legal force and are a reliable basis for central planning agencies for the inclusion of special sections in national economic plans which provide for the allocation of the necessary material, financial, and labor resources for the fulfillment of commitments.

On the basis of the coordination of plans, the CEMA country Ministries of Foreign Trade will conduct negotiations on the preparation of bilateral long-term commodity exchange and payment agreements for the years 1986-1990. It is envisaged that they will be completed in the second half of 1985. During the course of the negotiations the countries may, through mutual agreement, concretize, amend, and increase agreed-upon mutual deliveries.

It is emphasized in the program that the coordination process has to create conditions for the growth of reciprocal commodity exchange and for an improvement of its structure, and for a greater equilibrium between the trade and payment balances. This is becoming especially important today when it is planned to complete the shift of the CEMA economies to a primarily intensive path of development.

The reliability of settlements is inseparable from foreign trade prices. For this reason, it is stated in the program that the CEMA Permanent Commission on Foreign Trade will continue to examine the principles of price formation in reciprocal deliveries and an improvement of its methods. Pertinent proposals must be given to the Council's Executive Committee before the end of 1983. This will help to make efficiency become one of the basic criteria in determining priority cooperation directions for 1986-1990. In this way, one of the most important points of the Overall Program will be fulfilled: that the improvement of plans coordination has to be achieved in organic combination with an expansion and planned use of market relationships.

As is pointed out in the program, the Coordinated Multilateral Integration Measures Plan (CMIMP) for 1986-1990 will be an important result of the coordination. A draft of it will be prepared by the CEMA Secretariat on the basis of proposals by the member countries to CEMA agencies, and also of international economic organizations in the third quarter of 1985.

The report on coordination results and on the CMIMP draft for 1986-1990 will be discussed by the CEMA Committees for Cooperation in the Field of Planning Work and for Scientific and Technical Cooperation, and by the CEMA Executive Committee in the second quarter of 1986, and then by a Session of the Council at a meeting in the middle of 1986. The examination in the CEMA's top agency will conclude the coordination work for the 5-year period 1986-1990.

Thus, the Plan Coordination Program for 1986-1990 is a most important organizing document which directs the work of the CEMA committees and permanent commissions, of the international economic organizations of the Council's members, and of the CEMA Secretariat into a single channel. The program is acquiring an especial role in connection with the fact that it regulates the work of the Council's agencies at the concluding stage of the realization of the Overall Program and long-term special-purpose cooperation programs under the extremely difficult international political and economic conditions of the 1980s.

With its powerful economy, developed scientific and technical potential, and highly qualified cadres and rich natural resources the socialist commonwealth possesses everything necessary for the successful solution of the social and economic tasks which have been put forward by the congresses of the communist and workers' parties for the 1980s.

COPYRIGHT: Sovet Ekonomicheskoy Vazimopomoshchi Moskva 1983

2959

CSO: 1825/30

## USSR-CEMA TRADE

### CEMA INDUSTRIAL SPECIALIZATION, COOPERATION REPORTED

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 1, Jan 83  
pp 17-19

[Article by Shtefan Dulovets, CEMA Secretariat: "International Specialization and Cooperation in the Industry of the CEMA Member Countries"]

[Text] Production specialization and cooperation are important and auspicious forms of the international socialist division of labor.

International specialization and cooperation are playing an important role above all in ensuring the existence of the domestic and foreign conditions for economic development. They make it possible to expand and rationalize production by means of the introduction of more powerful and productive special equipment, to improve the organization of labor, to concentrate the efforts of researchers and designers, economize capital investments, accelerate the construction and reconstruction of enterprises, and improve the quality and technical level of output.

The planned development of the international production specialization and cooperation of the CEMA countries began in the 1950s on a bilateral basis, and after 1956 went on to a multilateral one. With the adoption in 1971 of the Overall Program broad prospects opened up in this field of activity. As the most effective and auspicious forms of economic cooperation, the production specialization and cooperation between the fraternal countries developed into the material basis for socialist integration.

In the Basic Principles of the International Socialist Division of Labor the economic essence of specialization is characterized as a bi- or multilateral coordinated and organized (according to plan) process of the isolation and concentration of the production of technologically and structurally homogeneous output in one or more socialist countries for the purpose of fully or partially meeting the needs of the CEMA countries for this output. During the course of this process the technical and economic relations between the countries grow stronger, production grows, labor productivity increases, the cost of output decreases, and the technical characteristics of products are improved.

During the past 10 years the CEMA countries concluded more than 1,000 bilateral and more than 100 multilateral production specialization and cooperation agreements. As of 1 January 1982 there were registered 94 such operating multilateral agreements.

In 1981 the CEMA countries achieved new successes in the field of industry, of the deepening of specialization and cooperation, and in effecting a shift to the path of intensive development on the basis of the use of the achievements of scientific and technological progress in the most important branches of their economies. Compared to 1980, in 1981 the industrial production of the CEMA countries came to 102.2 percent, and exports of specialized industrial output increased by 12.2 percent. In 1981 its proportion in the total industrial output exports of the fraternal countries (excluding the Socialist Republic of Vietnam, the Republic of Cuba, and the Mongolian People's Republic) was 18.3 percent, and came to 38.7 percent in the People's Republic of Bulgaria, 24.5 in the Hungarian People's Republic, 30.6 in the GDR, 20.9 in the Polish People's Republic, 18.3 in the Socialist Republic of Romania, 7.2 in the USSR, and 24.1 percent in the Czechoslovakian Socialist Republic. In addition, as can be seen from Table 1, the USSR is the main partner in the mutual trade.

Table 1

(1981, in percent)

Imports Exports	People's Republic of Bulgaria	Hungarian People's Republic	GDR	Republic of Cuba	Polish People's Republic	Socialist Republic of Romania	USSR	Czecho- slovakian Socialist Republic
People's Republic of Bulgaria	---	1.6	7.8	0.1	3.8	4.9	76.7	5.1
Hungarian People's Republic	1.9	---	8.9	0.1	7.8	1.6	69.0	10.7
GDR	2.7	4.4	---	0.1	3.6	3.5	78.9	6.8
Polish People's Republic	3.0	4.0	7.2	---	---	3.0	75.7	7.1
Socialist Republic of Romania	6.4	7.0	21.4	6.6	5.1	---	44.6	8.9
USSR	16.5	28.0	16.6	3.3	20.4	5.7	---	9.5
Czechoslo- vakian Socialist Republic	5.5	6.7	13.5	0.7	8.5	3.3	61.8	---

During the process of the international socialist division of labor the branches and sub-branches of industry which determine scientific and technical progress in an economy--machine building, electronics, and the chemical industry--developed at rapid rates in the countries of the commonwealth. In 1981 machine building comprised 82.5 percent of the total exports of specialized industrial output, the chemical industry--10.4 percent, and other branches of industry--7.1 percent.

In 1981 the major deliveries of specialized output included trucks, ships, ship, salvage and diving equipment, agricultural machinery (machine building); tires, inner tubes, and rims; anti-pest agents for agriculture; rolled ferrous metals; nonferrous metals and alloys; cementing material; paper; industrially produced spinning raw materials; and wine and vodka products and non-alcoholic beverages.

A large amount of work to expand and deepen the international production specialization and cooperation of the CEMA countries has been done in the field of machine building and the chemical industry. Nineteen multilateral agreements have been signed which cover around 10,000 output items, including metal-working, energy, electrical engineering, and hoisting and transportation equipment, tractors and agricultural machinery and transportation equipment, and equipment for the chemical, light, timber and paper, and construction industries.

Rational changes in the structures of the economies of the CEMA countries and a substantial growth of their economic potential has made it possible to significantly increase exports of machine building output. Compared to the 1975 level, in 1981 machine building, radio engineering, and electronic exports had increased by 180 percent, while the specialized output of this branch increased threefold (especially rapidly in the Czechoslovakian Socialist Republic, the Hungarian People's Republic, and the Bulgarian People's Republic). This is witnessed by Table 2.

	Total	People's Republic of Bulgaria	Hungarian People's Republic	GDR	Polish People's Republic	Socialist Republic of Romania	USSR	Czechoslovakian Socialist Republic
Gross machine building out- put in 1981 in percentage of 1975	154	171	124	150	122	190	157	144
Exports of spe- cialized mach- ine building output in 1981 in percentage of 1975	304	334	391	279	241	220	220	476
Proportion of specialized machine buil- ding output exports:								
in 1975	21.7	35.7	23.6	25.9	18.3	36.2	16.7	14.6
in 1981	34.4	52.1	43.8	41.0	27.1	35.6	20.5	33.4

Table 2

Around 26 percent of the reciprocal exports of specialized machine building output is accounted for by the GDR, 17 percent by the Czechoslovakian Socialist Republic, 16 by the People's Republic of Bulgaria, 13 by the USSR, 12 by the Hungarian People's Republic, 11 by the Polish People's Republic, and 5 percent by the Socialist Republic of Romania. In 1981, of the total exports of the specialized machine building output of the CEMA countries (excluding the USSR), around 73 percent was accounted for by deliveries to the USSR (including 77 percent of the exports of the People's Republic of Bulgaria, 69--Hungarian People's Republic, 78--GDR, 78--Polish People's Republic, 41--Socialist Republic of Romania, and 62 percent--Czechoslovakian Socialist Republic).

In recent years there has been a substantial increase in the proportion of specialized output exports, especially equipment: metal-working--from 19.3 percent in 1975 to 57.8 percent in 1981; electrical engineering--from 10.6 to 35.3, hoisting and transportation--from 46.2 to 69.7, for the textile industry--from 25.2 to 59.4, for the chemical, timber and paper, and construction industries--from 14.4 to 39.1, communications--from 15.3 to 35.7, and for trucks--from 3.4 to 43.2 percent.

The development of specialization and cooperation is exercising an ever growing influence on the profile of national machine building. Specialized branches, sub-branches, and types of production are gradually taking shape in the countries which produce both finished output and individual parts in keeping with the needs of the international socialist division of labor. This kind of specialization is taking form in the sphere of the production of hoisting and transportation equipment and equipment for the textile industry in the People's Republic of Bulgaria, transportation and auxiliary transportation equipment, instruments, and laboratory and medical equipment in the Hungarian People's Republic; metal-working equipment, tractors, and agricultural machinery and tools in the GDR; energy and electrical engineering, and road and road construction equipment and machinery in the Polish People's Republic; transportation and auxiliary transportation equipment in the Socialist Republic of Romania; tractors, agricultural machinery, mining, metallurgical, and petroleum equipment in the USSR; and equipment for the food and light industries in the Czechoslovakian Socialist Republic.

New tasks in the development of economic integration on the basis of a deepening of production specialization and cooperation in the field of machine building were mapped out by the Session of the Council for Mutual Economic Assistance at its XXXVI Meeting. The agreements on cooperation in the field of micro-processor equipment and of the organization of robot equipment and an element base for microelectronics which were signed at the Session are of special importance.

Definite successes in international specialization and cooperation have been achieved in the chemical industry. At the present time there are a number of bi- and multilateral production specialization agreements in the chemical and rubber-asbestos industries, for example, for synthetic rubber, chemical and biochemical feed additives, pharmaceutical goods, plant protection agents, and lightweight chemical products.



On the basis of the General Agreement on Production Specialization and Cooperation for energy-intensive and less energy-intensive chemical output new agreements have been concluded on a multilateral basis in the field of petroleum refining, plastics, chemical additives for polymer materials, synthetic dyes, fertilizers, rubber, and rubber-asbestos products.

Compared to 1980, in 1981 exports of specialized chemical industry output by the CEMA countries increased by 12.2 percent, and by 5.3 times compared to 1975. Exports of chemical and rubber-asbestos industry goods came to 5.5 and 10.4 percent, respectively, of the total specialized output exports of the CEMA countries. The proportion of the specialized chemical industry output of the CEMA countries in the total value of this branch's exports increased from 12 percent in 1975 to 34.7 percent in 1981.

As can be seen from Table 3, the USSR is the chief partner of the fraternal countries in trade in this kind of output. (See table on following page.)

In 1975 78 percent of the total exports of specialized output was accounted for by the USSR (36 percent), the Czechoslovakian Socialist Republic (26 percent), the People's Republic of Bulgaria (16 percent), and in 1981--72 percent: the USSR (32.5 percent), the Hungarian People's Republic (20.4 percent), and the GDR (18.9 percent).

In recent years there has been a substantial increase in the proportion of exports of the following output: chemical products--from 8.1 percent in 1975 to 38.4 percent in 1981; dyes, lacquers, and tanning materials--from 23.5 to 46 percent; cinema photographic materials--from 0.6 to 15.6 percent; and fertilizers and anti-pest agents--from 1.7 to 17 percent, respectively.

The existence in the CEMA countries of large and economical capacities thanks to the development of international specialization has made it possible for the fraternal countries to halt or, in a number of them, to decrease the production of individual products, and also to curtail imports of certain types of chemical goods from the capitalist states.

The strategy for the development of international production specialization cooperation until the year 1990 has been defined by the DTsPS and by bilateral programs. Their realization will make it possible to more effectively realize socialist and communist construction plans and to strengthen the position of the CEMA countries in the world economy.

Table 3  
(1981, in percent)

Imports Exports	People's Republic of Bulgaria	Hungarian People's Republic	GDR	Republic of Cuba	Polish People's Republic	Socialist Republic of Romania	USSR	Czecho- slovakian Socialist Republic
People's Republic of Bulgaria	---	5.4	3.3	0.9	6.3	7.5	74.2	2.4
Hungarian People's Republic	0.9	---	0.6	---	7.7	7.1	77.2	6.5
GDR	2.0	5.4	---	---	2.3	1.4	75.7	13.2
Polish People's Republic	2.7	9.7	8.6	---	---	2.2	71.7	5.1
Socialist Republic of Romania	9.8	8.2	9.2	---	6.3	---	59.5	7.0
USSR	9.6	38.1	22.7	5.0	8.4	6.1	---	10.1
Czechoslovakian Socialist Republic	1.6	4.5	11.8	---	3.8	5.0	73.3	---

COPYRIGHT: Sovet Ekonomicheskoy Vzaïmopomoshchi Moskva 1983

## USSR-CEMA TRADE

### FOREIGN TRADE OF CEMA COUNTRIES IN FIRST YEAR OF CURRENT FIVE-YEAR PLAN

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 1, Jan 83  
pp 73-74

[Article by Valeriy Orlov, CEMA Secretariat: "The Foreign Trade of the CEMA Member Countries During the First Year of the Current Five-Year Plan"]

[Text] The development of the foreign trade of the CEMA countries in 1981 convincingly confirms the fact that there has been an expansion and deepening of the comprehensive economic and scientific and technical cooperation of the countries of the socialist commonwealth, and it is an important factor in the accomplishment of the planned tasks of the current 5-year plan.

Despite the fact that the development of the economies of the CEMA countries in 1981 took place under difficult international circumstances, the growth rate and the amount of foreign trade of the CEMA countries were quite high.

During the first year of the current 5-year plan the foreign trade turnover of the CEMA countries as a whole came to 245.6 billion rubles, including 123.6 billion rubles worth of exports and 122.0 billion rubles worth of imports. Compared to the previous year, foreign trade turnover increased by 9.8 percent, including exports--10.3 percent, and imports--9.4 percent.

The foreign trade of the CEMA countries with individual groups of countries is characterized by the data cited in Table 1 (in the prices of the corresponding years). (See table on following page.)

Around three-fifths of the foreign trade turnover of the CEMA countries as a whole is accounted for by the socialist countries, and approximately 30 percent by the developed capitalist countries.

The share of the various groups of countries in the foreign trade of the CEMA countries can be judged from the data in Table 2. (See table on following page.)

Table 1

(Billions of rubles)

	1980	1981	1981 in percentage of 1980
Socialist countries;			
Foreign trade turnover	129.4	144.2	111.4
Exports	65.5	72.8	111.2
Imports	63.9	71.4	111.6
Including the CEMA countries:			
Foreign trade turnover	120.1	133.8	111.4
Exports	60.7	67.9	111.9
Imports	59.4	65.9	110.9
The developed capitalist countries:			
Foreign trade turnover	68.5	71.0	103.7
Exports	32.7	33.6	102.7
Imports	35.8	37.4	104.6
The developing countries:			
Foreign trade turnover	25.7	30.4	118.0
Exports	13.9	17.2	123.4
Imports	11.8	13.2	111.7

Table 2

(In percent)

Country	Foreign trade turnover					
	With CEMA member countries		With developed capi- talist countries		With developing countries	
	1980	1981	1980	1981	1980	1981
People's Republic of Bulgaria	72.8	70.6	16.5	16.7	8.8	11.0
Hungarian People's Republic	62.8	64.0	27.1	25.8	7.5	7.5
GDR	62.7	63.4	27.4	28.5	6.7	5.4
Mongolian People's Republic	96.7	97.1	1.5	1.7	---	---
Polish People's Republic	53.2	59.7	34.7	29.2	9.6	8.6
Socialist Republic of Romania	34.6	38.7	---	---	---	---
USSR	48.6	47.6	33.6	32.2	12.7	15.0
Czechoslovakian Socialist Republic	65.5	67.1	23.0	20.9	7.1	7.2

The basic part of the foreign trade turnover of the socialist commonwealth countries continues to be accounted for by reciprocal trade, which is a concrete confirmation of the expansion and deepening of cooperation and of the development of socialist economic integration. In 1981 mutual foreign trade turnover reached 133.8 billion rubles and came to 54.5 percent of total foreign trade.

The growth of reciprocal commodity turnover (in the prices of the corresponding years) is shown in Table 3.

Table 3

(Billions of rubles)

Country	Commodity turnover		Exports		Imports	
	1980	1981	1980	1981	1980	1981
People's Republic of Bulgaria	9.6	10.8	4.7	5.1	4.9	5.7
Hungarian People's Republic	9.8	11.0	4.8	5.6	5.0	5.4
GDR	16.1	18.1	8.0	8.9	8.1	9.2
Mongolian People's Republic	0.62	0.76	0.26	0.3	0.36	0.46
Polish People's Republic	13.2	13.0	6.2	5.7	7.0	7.3
Socialist Republic of Romania	5.7	6.5	2.9	3.2	2.8	3.3
USSR	45.8	52.2	24.3	28.6	21.5	23.6
Czechoslovakian Socialist Republic	13.2	14.6	6.5	7.3	6.7	7.3

Compared to 1980, the commodity turnover of the CEMA countries in 1981 increased by 11.9 percent in the People's Republic of Bulgaria, 12.1 percent in the Hungarian People's Republic, 12 percent in the GDR, 23.9 in the Mongolian People's Republic, 15.9 in the Socialist Republic of Romania, 14 in the USSR, and 10.1 percent in the Czechoslovakian Socialist Republic.

As in previous years, in 1981 trade in finished products was of great importance in the commodity structure of CEMA country exports and imports. In analyzing the commodity structure of the exports and imports of the CEMA countries in current prices account should be taken of changes on account of an increase in fuel and mineral raw materials prices.

The share of individual commodity groups in the total exports and imports of the CEMA countries (excluding the Republic of Cuba) is characterized by the data in Table 4.

Table 4

Commodities	Exports		Imports	
	1980	1981	1980	1981
Machinery, equipment, and transportation equipment	30.0	29.1	32.6	30.6
Fuel, mineral raw materials, and metals	36.6	37.6	26.7	26.3
Raw materials and the products from processing it (non-food), raw materials for the production of foods, foods	11.7	11.3	22.7	24.7
Industrial consumer goods	9.3	8.7	8.3	8.9
Chemical products, fertilizers, rubber, construction materials, and other commodities	12.4	13.3	9.7	9.5

A special place in the trade of the CEMA countries belongs to machine building output whose share in these countries' exports (excluding the Republic of Cuba) came to 39.8 percent in 1981.

As in the past, through trade most of the CEMA countries substantially meet their import needs for basic types of raw materials, fuel, foods, machinery and equipment, and consumer goods.

There has been an active development of trade and economic relations with Yugoslavia turnover with which increased in 1981, compared to the previous year, by 21.7 percent.

The CEMA countries have frequently affirmed their desire to develop trade and economic and scientific and technical relations with capitalist countries which show a readiness to cooperate on equal and mutually advantageous terms. However, as a result of the discriminatory policies of imperialist circles which are trying to hinder the development of mutually advantageous cooperation with the socialist states, the share of commodity turnover with the developed capitalist countries in the total foreign trade turnover of the CEMA countries as a whole has decreased. In 1981 the basic trade partners in this group of countries were the FRG, France, Italy, and Austria. It is necessary to take note of the successful development of cooperation between the CEMA countries and Finland trade with which increased from 1980 through 1981 by 22.9 percent.

In 1981 trade and economic cooperation between the CEMA countries and the developing countries of Asia, Africa and Latin America continued to increase. Commodity turnover with these countries increased by 17.9 percent, compared to 1980.

The foreign trade of the CEMA countries with the developing countries is carried out on the basis of principles of complete equality and mutual advantage. Machinery and equipment for the development of the various branches of industry and of transportation and agriculture occupy a leading place in the commodity structure of the CEMA countries' exports to the developing states. Around one-half of this machinery and equipment is exported in the form of complete sets. The CEMA countries also supply this group of countries with petroleum and petroleum products, chemical products, and other commodities needed by them.

In 1981 more than 20 percent of the CEMA countries' imports from the developing countries was accounted for by fuel, mineral raw materials, and metals, and around one-half by foods and raw materials for their production.

In 1981 the largest developing country trade partners were India, Iraq, Argentina, Iran, and Libya. Compared to 1980, in 1981 foreign trade between the CEMA countries and India increased by 36 percent.

The results of the development of the foreign trade of the CEMA countries in 1981 show that it is actively helping the further planned development of the economies of the CEMA countries during the current 5-year plan.

The level of foreign trade reached in 1981 provides grounds for believing that its tendency to grow will be maintained in future years also. According to a preliminary estimate, compared to 1981, in 1982 the reciprocal foreign trade turnover of the CEMA countries will increase by approximately nine percent.

COPYRIGHT: Sovet Ekonomicheskoy Vzaïmopomoshchi Moskva 1983

2959

CSO: 1825/30

ANALYSIS OF DYNAMICS OF CAPITAL INTENSIVENESS IN EUROPEAN CEMA COUNTRIES

Moscow IZVESTIYA AKADEMII NAUK SSSR. SERIYA EKONOMICHESKOYE in Russian No 6, Nov-Dec 82 pp 105-118

[Article by Ye. M. Tromlakova: "The Influence of the Dynamics of Capital Intensiveness on the Formation of Economic Efficiency in the European CEMA Countries"]

[Text] The article contains an analysis of the dynamics of capital intensiveness in the European CEMA countries. A large amount of attention is devoted to analyzing the influence of capital intensiveness on the formation of the relationship--expenditures--production of output--and on a change in the basic macroeconomic proportions: accumulations fund and consumption fund, subdivisions I and II of social production, groups A and B of industry, and the dynamics of the production of consumer goods and of the population's monetary income.

At past congresses of the communist and workers' parties of the European CEMA socialist countries the basic attention in the field of economic policy was devoted to the problems of increasing economic efficiency. During the current 5-year plan and in the future, given the reduced possibilities for an extensive expansion of production, an increase in the efficiency of the functioning of all available resources has to become the chief source of growth. "In the forthcoming period," it was emphasized at the 12th Congress of the Bulgarian Communist Party, "we have to shift everywhere to a primarily intensive development of the economy and of the other spheres of social life" [4, p. 19]. At the 16th Congress of the Communist Party of Czechoslovakia it was noted that "the strategic line in economic policy, the line of increasing efficiency and the intensive growth factors . . . remains in force also for the future" [6, p. 107].

In the process of social production, as live labor is replaced by embodied labor, the efficiency of the functioning of fixed productive capital plays an ever-larger role in the formation of total efficiency. " . . . A large industry develops the creation of real wealth becomes less dependent upon working time and upon the amount of labor which has been expended than upon the power of those agents which are put into action during working time. . . ." [1, p. 213].



At the current stage the efficiency of the use of fixed productive capital, which is expressed in a decrease in capital intensiveness and an increase in yield from capital, determines, in the final analysis, the growth rates of national income, its division into the accumulations and consumption funds, and the growth rates of subdivisions I and II of social production and of groups A and B of industrial output, that is, the formation of the basic proportions of production which determine the success with which the chief social goals of socialist society will be reached.

During the last 20 years the tendencies in the dynamics of capital intensiveness in the European CEMA countries have been divergent (Table 1). During the first half of the 1960s in Bulgaria, Hungary, the GDR, Czechoslovakia, and the Soviet Union capital intensiveness increased, after which, during the second half of the 1960s, it decreased in certain countries (People's Republic of Bulgaria, USSR), or underwent a small decrease (Hungarian People's Republic, GDR, Czechoslovakian Socialist Republic). However, since the beginning of the 1960s there has again been an increase in capital intensiveness; moreover, the intensity of this process underwent an appreciable increase towards the second half of the 1970s.

Table 1

Dynamics of Capital Intensiveness in European CEMA Countries  
(Increase or Decrease, Percent)\*

Country	1961-1965	1966-1970	1971-1975	1975-1976	1976-1977	1977-1978	1978-1979	1979-1980	1976-1980
People's Republic of Bulgaria	16.0	11.9	4.8	1.6	3.1	1.7	0.3	2.7	9.5
Hungarian People's Republic	3.8	-5.3	0.7	4.2	-2.2	1.1	5.3	7.4	16.4
GDR	13.0	-2.5	2.3	2.1	-0.2	2.5	2.3	0.8	7.6
Polish People's Republic	-6.7	0.0	-7.6	2.4	4.1	5.5	9.7	6.9	32.3
Socialist Republic of Romania	-4.6	15.0	2.3	1.3	2.1	2.2	3.1	6.0	15.6
USSR	14.6	1.5	15.2	1.8	2.2	3.1	4.2	3.6	15.8
Czechoslovakian Socialist Republic	14.1	-12.3	0.0	2.2	3.4	1.7	3.5	-0.9	10.2

\*Calculated on the basis of the fixed productive capital and national income indices in: [10, p. 43, 51] and [11, p. 41, 49].

In Poland and Romania the decrease and increase stages in capital intensiveness were brought together, compared to the countries being examined above, to a

5-year period. In 1961-1965 capital intensiveness decreased in both countries, but in the second half of the 1960s it increased in Romania, while in Poland its dynamics were stabilized. In 1971-1975 in Romania the intensity of the increase in capital intensiveness decreased, while in Poland there was again a substantial decrease; however, beginning with the second half of the 1970s there occurred in both countries, as in the first group, an intensive increase in capital intensiveness.

The ambiguity of the dynamics of capital intensiveness is explained by diverse factors, some of which operated in the direction of increasing it, and others in the direction of decreasing it. In addition, at different stages the action of these factors was different.

The most widespread conception explaining the dynamics of capital intensiveness is the conception according to which these dynamics are determined by the stages of the replacement of live labor with embodied labor. As technological progress develops, the supporters of this conception assert, the capital intensive type of expanded reproduction is replaced by a capital-saving type. This replacement takes place at the stage when the replacement of live labor with machinery yields to the replacement of machines by machines. However, as analysis shows, in a number of socialist countries which are at relatively different stages of the replacement of live labor with embodied labor there are nevertheless similar tendencies in their capital intensiveness dynamics. At the same time, in certain other countries which are approximately at the same stage there are divergent capital intensiveness dynamics. Thus, in the People's Republic of Bulgaria where approximately 50 percent of the industrial workers are employed primarily in manual labor, and in the GDR where the comparable is approximately one-third capital intensiveness has increased during the last 20 years (with the exception of the end of the 1960s in the GDR). And in Poland where the proportion of workers employed in manual labor is approximately the same as in Bulgaria capital intensiveness decreased right up until the second half of the 1970s.

Nor are the conclusions of the conception of capital intensive and capital-saving types of reproduction confirmed by a comparative analysis of the dynamics of the replacement of live by embodied labor and the dynamics of capital intensiveness. If one were to proceed from this conception, it could be assumed that as the intensity of the replacement of live labor by embodied labor increases capital intensiveness should increase at more rapid rates and, on the contrary, as the intensity of this replacement decreases, the rates of the increase in capital intensiveness should slow down. However, the data which characterizes the dynamics of these two indicators shows that there is an inverse dependency between them. Thus, for example, in the 1960s in the GDR there occurred an increase in the intensity of the lowering of the proportion of workers employed in manual labor in industry--from an average of 0.55 points in 1963-1965 to an average of 0.60 points in 1965-1967. However, as the intensity of the lowering of the share of manual labor grew, an increase in capital intensiveness was replaced by a decrease. In the early 1970s the intensity of the lowering of the share of those employed in manual labor falls to an

average of 0.43 points per year [12]. But this stage is corresponded to by a new growth in capital intensiveness.

A similar situation has been occurring in the USSR. With an increase in the intensity of a declining share of industrial manual laborers in 1965-1972 to 4 points compared to 1.4 points in 1954-1965, the dynamics of capital intensiveness improved; but as the intensity of a decrease in the share of manual laborers declined to 1.2 points in 1972-1975 capital intensiveness began to grow at more rapid rates. Consequently, there was an inverse dependency--the replacement of live with embodied labor was one of the factors which fostered a decrease in capital intensiveness.

Until recently the economic literature devoted to the problems of capital intensiveness paid too little attention to the question of the relationship between the dynamics of fixed productive capital and labor power, although this relationship is of great importance from the point of view of the level of the use of fixed productive capital which is newly drawn into production. It is not accidental that during the first half of the 1960s the increase in capital intensiveness took place in countries in which there was an absolute decrease in the number of people employed in material production (People's Republic of Bulgaria, Hungarian People's Republic, GDR), and in countries where there was a sharp curtailment of growth in the number of people employed in material production compared to the preceding stage (USSR, Czechoslovakian SSR). Compared to the preceding period, the fixed productive capital growth rates increased. Correspondingly, in industry also an increase in the fixed productive capital growth rates took place against the background of a decrease in the growth rates of people employed in a given branch of the economy. As a result, there was a lowering of the level of the use of fixed productive capital, which manifested itself in a decrease in the shift coefficient in industry during the first half of the 1960s. In the Hungarian People's Republic this indicator came to 1.46 in 1961 and 1.44 in 1965, and in the Czechoslovakian Socialist Republic--1.41 in 1962 and 1.38 in 1965. Consequently, the disparity of proportions in the dynamics of fixed productive capital and of labor power was the essential factor giving rise to the tendency toward an increase in capital intensiveness in the early 1960s in the People's Republic of Bulgaria, the Hungarian People's Republic, the GDR, the USSR, and the Czechoslovakian Socialist Republic. This caused the creation of jobs which were not provided with labor power and, in the final analysis, a decrease in the production potential utilization level.

In the countries which avoided an increase in capital intensiveness in 1961-1965 there was an opposite picture in the relationship between the dynamics of fixed productive capital and of labor power. In Poland during this period the increase in workers employed in material production was one of the highest during the last 20 years. In Romania, although there occurred an absolute decrease in the number of employees in material production, its negative consequences were softened by the possibility for an inter-branch redistribution of labor power through an influx of it from agriculture. In Romania the proportion of workers employed in agriculture during this period was the highest of the European CEMA countries and came in 1960 to 65.4 percent. As we see, in Poland and

Romania there was a problem of another kind--the problem of the creation of jobs to ensure employment for the able-bodied population, and not of supplying newly created jobs with labor power, as was the case in the remaining CEMA countries. Correspondingly, the fixed productive capital utilization level was substantially higher in Poland and Romania. Thus, Poland's industrial shift coefficient in the 1960s came to 1.57-1.56.

In the second half of the 1960s there was an improvement in the first group of countries in the relationship between the dynamics of fixed productive capital and labor power, and this had a positive effect on the capital intensiveness indicator.

An increase in the intensity of the growth of capital intensiveness during the second half of the 1970s was also decisively determined by an increase in fixed productive capital combined with a curtailment of the growth of material production workers, and in certain countries an absolute decrease in the number. This led to a further worsening of the use of fixed productive capital. According to the estimates of certain specialists, at the present time the number of metal-cutting machine tools in the economy of the Soviet Union is double that of the number of machine tool workers, while in the Czechoslovakian Socialist Republic there are 500,000 unoccupied jobs in the branches of the economy.

Measures to improve the economic mechanism had a definite influence on improving the dynamics of capital intensiveness during the second half of the 1960s in Bulgaria, Hungary, the GDR, the USSR, and Czechoslovakia. In the field of financing capital investments a course was adopted in the European CEMA countries aimed at increasing the share of enterprises' own capital and of bank credit in total investments. For example, in the People's Republic of Bulgaria the share of enterprises' capital increased from 5.7 percent in 1961-1965 to 26.3 percent in 1966-1970, and the share of bank credit from 2.8 to 27.8 percent, while the share of state budget funds in total capital investments decreased during the corresponding period from 70 to 39 percent. This measure promoted a more selective approach in the choice of capital investment variants.

Another measure which is directly aimed at stimulating a more efficient use of fixed productive capital was connected with the introduction of a fee for capital. In the countries being examined the average fee was five-six percent.

However, as practice has shown, measures to improve the economic mechanism produce an effect for a relatively short period. They lose their significance as reserves for increasing efficiency which are on the surface exhausted. This was one of the reasons that the stage of improving the dynamics of capital intensiveness which occurred in the late 1960s in a number of European socialist CEMA countries was not a prolonged one--one-three years. Further, as has been repeatedly noted in the Soviet economic literature and in the literature of the European socialist countries, the economic levers aimed at increasing the efficient use of fixed productive capital were not connected with a system of material incentives and with other economic levers.

At the end of the 1970s and in 1980-1981 a large number of measures to further improve the economic mechanism were carried out in the European CEMA countries.

Within the framework of the measures, a course was adopted aimed at an even greater curtailment of budgetary financing sources. Thus, in Hungary, according to the plan for 1981-1985, the proportion of capital investments in the production sphere financed by enterprise funds is supposed to increase to 75 percent, compared to 72 percent during the preceding 5-year plan.

In Czechoslovakia the lowering of the share of budgetary subsidies is being achieved primarily on the basis of increasing the share of enterprises' own capital--from 59.61 percent in 1980 to 64.28 percent in 1981. In the present 5-year plan bank credit for capital investments is being looked upon as an additional source of funds which should be placed at the disposal of enterprises and associations only after they have exhausted their own capital investment financing sources. In keeping with this, a decrease in the share of credit sources in the financing of capital investments is being planned.

In other countries the decrease in budget financing is being effected both on the basis of an increase in the share of enterprises' own capital and of an increase of the share of credit sources. At the same time, the enterprises are being made more responsible for the credit they take. Toward this end, in the GDR a system of percentage increases and discounts has been instituted. The fee for credit which comes to five percent annual interest can be reduced to 1.8 percent in order to encourage enterprises to commission production capacities ahead of time and to increase their efficiency. For the purpose of maintaining cost accounting discipline interest rates may be raised to 8 percent, and in individual cases to 12 percent.

In addition to this, during the current 5-year plan in a number of countries indicators which aim to engender an increase in the efficient use of fixed productive capital are being established in the annual plans of cost accounting organizations. In the GDR the shift coefficient, a decrease in costs, and the fee for capital should be named among such indicators, and in the Socialist Republic of Romania--profits and the amount of net output per 1,000 ley of fixed capital.

In a number of countries the fee for capital was abolished (Bulgaria, Romania, Hungary). At the present time in the People's Republic of Bulgaria enterprises pay a gross income regulation tax which, in essence, also performs the role of a fee for capital, since it cannot be less than 10 percent of total depreciation. Consequently, the gross income regulation tax indirectly depends upon the amount of functioning fixed productive capital and stimulates an economy of it. In Hungary the abolishment of the fee for capital was connected with a curtailment of free budgetary financing for economic organizations from the state. In Romania the abolition of the fee for capital was replaced by the principle of the repayment of advanced funds. In the GDR, the USSR, and the Czechoslovakian Socialist Republic the fee for capital remains among the taxes which are paid by enterprises to the state budget. In addition, its dependence

upon the efficient use of fixed productive capital is increasing, as is its connection with levers of material encouragement. Thus, in the GDR all enterprises, including loss-producing ones, pay a fee for capital in the amount of six percent of the original value of the capital. The fee for capital is decreased if there is an advanced utilization of capital investments. At the same time, with violations of planned commissioning schedules enterprises pay an additional fee for the capital in the amount of six percent. In the Czechoslovakian Socialist Republic provision has also been made for decreasing or increasing the fee for capital rates (called a property tax) by 30 percent for basic equipment in relation to the efficiency of its use.

Also characteristic is the fact that in a number of countries material stimulation is being made more closely and directly dependent upon the efficiency of the use of production resources. Thus, in the People's Republic of Bulgaria it has been found necessary for the wage fund to be formed as a resultant residual amount after the deduction from gross income of payment to the state and to superior organizations, allotments to an enterprise's own investment funds, payment of the gross income regulation tax, and payments to the everyday social and cultural measures funds. If the resultant wage fund is smaller than the established personnel fund, the wages of executive workers and specialists have to be lowered (but by no more than 20 percent) while the remaining personnel are paid in full. In the GDR the influence of the fixed capital utilization level manifests in the fact that the "bonus fund" is formed from net profits after the deduction from it of a fixed capital tax. In the Czechoslovakian Socialist Republic an additional, stimulating part of the wage fund is increased compared to the preceding stage by 20 percent and made directly dependent upon the productive capital profitability indicator. The failure to fulfill a plan for this indicator by 15 percent and more results in a decrease in this part of wages as far as zero.

A consistent implementation of these measures should help in the future to improve the dynamics of capital intensiveness.

Throughout the entire period being studied the capital intensiveness dynamics had a decisive influence on forming production efficiency and on the relationships between the total resources of live and embodied labor used and produced output. A decrease in the growth rates of production efficiency, and sometimes an absolute decrease in this efficiency occurred in most cases at stages when a growth of capital intensiveness was occurring. The decisive influence of the capital intensiveness dynamics on the formation of production efficiency is explained by a substantial preponderance of the share of fixed productive capital in total resources.\*

---

\*The data which has been calculated on the basis of the methodology proposed in [8] shows that the greatest decrease in efficiency occurred in countries in which the share of fixed productive capital in total resources was highest and the increase in capital intensiveness took place with the greatest intensity. Thus, in the Czechoslovakian Socialist Republic in 1961-1965 production efficiency decreased by 17.5 percent. In the GDR and Hungarian People's Republic in 1966-1970, when there was a decrease in capital intensiveness, the increase in efficiency came to 52.1 and 20 percent, respectively.

In connection with the importance of the task of increasing production efficiency, past congresses of the communist and workers' parties of the European CEMA countries have taken note of the necessity for carrying out measures to increase the yield from capital. At the 26th CPSU Congress it was emphasized that "one of the key tasks of the 11th Five-Year Plan is a fuller and more efficient use of fixed productive capital" [3]. As a condition for shifting to a primarily intensive type of economic development, the People's Republic of Bulgaria is looking to "not only an economy of live labor, but also . . . the fullest utilization of the three elements of the production process: the means of labor, the objects of labor, and live labor" [4]. The 11th Congress of the Socialist Unity Party of Germany took note of the urgency for accomplishing the task of increasing the efficient use of fixed productive capital [5].

The capital intensiveness dynamics is not limited to the relationship "expenditures-production" of output. No less important is its influence on changing macroeconomic structures. Even when an increase in capital intensiveness is compensated for by a decrease in labor intensiveness and, as a result, production efficiency grows, the changes which occur in the structure of expenditures when capital intensiveness increases may negatively influence the distribution of national income into accumulations and consumption, as well as a change in the relationships between subdivisions I and II of social production and group A and group B of industry. From the point of view of the achievement of the basic goal of socialist society these value and physical-material proportions are of no less importance than such generalizing indicators as the value of total produced national income.

Consequently, a consideration of the influence of capital intensiveness dynamics on the course of the realization of the basic goal of socialist society--the advancing of the well-being and comprehensive development of the members of society--which presupposes a consideration of the results of production not only from the point of view of its volume indicators, but also of its value and physical-material proportions places narrower limits upon a permissible increase in capital intensiveness. For not any increase in production efficiency leads to a fuller realization of the basic goal of socialist society, but only the kind which permits an increase in the growth rates of the consumption fund in national income and of the production of consumer goods.

V. I. Lenin pointed out the possibility of reducing the share of accumulations in social production under socialism in his comments on the book by R. Luxemburg "The Accumulation of Capital" [2, pp. 90-91]. In this work by Lenin there is a consideration of the example of a change in the share of accumulations over a period of 200 years of capitalism and 100 years of socialism. Thus, calculations performed on the basis of Lenin's tables which were published in the XXXVIII Lenin Collection show that compared with 200 years of capitalism, in 100 years of socialism the share of accumulations decreased by 34 percent.

In contrast to the stage of the creation of the material and technical basis of socialism when the relationship between the accumulation and consumption

funds was determined above all by the tasks of industrialization, under mature socialism it is determined directly by social tasks whose accomplishment dictates the necessity of changing these proportions in the direction of stabilization, and in certain cases of reducing the share of accumulations. The realization of these tasks at the present stage depends to a decisive extent upon the efficiency of the use of embodied labor and, in particular, of fixed productive capital.

A decrease in the share of accumulations occurs above all on the basis of a decrease in the share of production accumulations. A decrease in capital intensiveness makes it possible to reduce the share of accumulations, while retaining national income growth rates unchanged, or to increase the latter with an unchanged share of accumulations. The choice of these two possible variants for increasing the consumption fund growth rates depends upon concrete conditions, namely: upon the basic share of accumulations in national income.

Let us examine a numerical example. In the first case we are analyzing the influence of the decrease in capital intensiveness on consumption fund growth rates with an initial share of the accumulations fund of 21.2 percent. Table 2 presents the variant for increasing consumption fund growth rates on the basis of decreasing the share of accumulations with stable national income growth rates, and Table 3--on the basis of increasing national income growth rates with a stable share of accumulations. In the first case in 10 years the consumption fund will increase by 109 percent, and in the second by 118 percent. However, it should be noted that with the generally higher consumption fund growth rates in the 10-year period under the conditions described in Table 3, during the first seven years the consumption fund growth rates with a decrease in the share of accumulations and unchanged national income growth rates were higher than this fund's growth rates with a stable form of accumulations.

Table 2

Influence of Capital-Saving Form of Intensive Reproduction on Consumption Fund Growth Rates Given Decreased Share of Accumulations (Initial Accumulation Norm of 21.2 Percent)

Year	Accumulations Norm, Percent	National Income Growth Rates, Percent	Accumulations Coefficient	National Income	Accumulations Fund	Consumption Fund
First	21.2	8	2.65	21.600	4.579	17.021
Second	20.8	8	2.60	23.328	4.852	18.456
Third	20.4	8	2.55	25.194	5.140	20.054
Fourth	20.0	8	2.50	27.209	5.442	21.767
Fifth	19.6	8	2.45	29.385	5.759	23.626
Sixth	19.2	8	2.40	31.736	6.093	25.643
Seventh	18.8	8	2.35	34.274	6.444	27.830
Eighth	18.4	8	2.30	37.016	6.811	30.205
Ninth	18.0	8	2.25	39.932	7.188	32.744
Tenth	17.6	8	2.20	43.126	7.590	35.536



Table 3

Influence of Capital-Saving Form of Intensive Reproduction on Consumption Fund  
Growth Rates Given Increased National Income Growth Rates (Initial Accumu-  
lations Norm of 21.2 Percent)

Year	Accumulations Norm, Percent	National Income Growth Rates, Percent	Accumulations Coefficient	National Income	Accumu- lations Fund	Consump- tion Fund
First	21.2	8.0	2.65	21.600	4.574	17.021
Second	21.2	8.1	2.60	23.350	4.950	18.400
Third	21.2	8.3	2.55	25.288	5.361	19.926
Fourth	21.2	8.4	2.50	27.412	5.811	21.600
Fifth	21.2	8.6	2.45	29.769	6.311	23.457
Sixth	21.2	8.8	2.40	32.388	6.866	25.521
Seventh	21.2	9.0	2.35	35.302	7.484	27.817
Eighth	21.2	9.2	2.30	38.449	8.172	30.276
Ninth	21.2	9.4	2.25	42.063	8.917	33.145
Tenth	21.2	9.6	2.20	46.013	8.917	37.095

Further, if capital intensiveness is decreased more intensively, which, other conditions being equal, leads to an increase in the rates of decrease in the coefficient of accumulations, for example, from 0.05 points in the initial example to 0.1 points, then in this case the growth of the consumption fund given a stable accumulations share and an increase in national income growth rates will to an even greater extent exceed the growth of the consumption fund, with a decrease in the share of accumulations, and will come to 136 and 118 percent, respectively.

If one looks at both variants for increasing the consumption fund growth rates with lower national income growth rates compared to the initial example, that is, if the growth in national income of the base year were to be, for example, not eight percent, but five percent, then in this case the consumption fund would increase given a decrease in the share of accumulations by 59 percent, and with a stable accumulations share--by 60 percent; that is, the gap in the two variants' consumption fund growth rates will be narrowed compared to the basic example.

Finally, if the accumulations fund decreases, but less than in the basic example, and the decrease in the share of accumulations is accompanied by an increase in national income growth rates, then in this case the increase in consumption fund growth rates which occurs both on the basis of an increase in national income growth rates and of a decrease in the share of accumulations will be less than the rates which are ensured with a stable accumulations share and increasing national income growth rates. However, this increase in the consumption fund growth rates will be greater than the change in them given a decreasing

share of accumulations and stable national income growth rates. Thus, with a decrease in the accumulations share from 21.2 to 19.4 percent and an increase in the national income growth rates from 8 to 8.8 percent the consumption fund increases by 112 percent, compared to 109 and 118 percent in the first and second variants of the basic example being examined.

Now let us examine a case when the initial accumulations share comes to 30 percent. Table 4 presents an example of an increase in the consumption fund with decreasing capital intensiveness through a decrease in the share of the accumulations fund with stable national income growth rates. In this case the consumption fund growth rates during the period being examined came to 110 percent. The consumption fund increased by 108 percent on the basis of an increase in the growth of national income with a stable accumulations fund share (see Table 5). Consequently, in the case of the attainment of a relatively high accumulations share in national income the possibility appears of realizing the effect of a decrease in capital intensiveness primarily by means of decreasing the accumulations share and stabilizing the national income growth rates, in contrast to the case when the accumulations share is a relatively low one and the most palpable influence of a decrease of capital intensiveness on the growth of the consumption fund can be exercised with the stabilization of the accumulations share and an increase in national income growth rates. In addition, the higher the initial national income growth rates and the intensity of a decrease in capital intensiveness, the more important is it to correctly choose a variant for increasing consumption fund growth rates, since in this case the difference in the consumption fund growth rates in the two given variants (stabilization of the accumulations norm or stabilization of national income growth rates) increases, and, correspondingly, there is an increase in the effect which is obtained as a result of a decrease in capital intensiveness with a correctly selected path for increasing the growth rates of the consumption fund.

Table 4

The Influence of a Capital-Saving Form of Intensive Reproduction on Consumption Fund Growth Rates Given a Decrease in the Accumulations Share (Basic Accumulations Norm of 30 Percent)

Year	Accumulations Norm, Percent	National Income Growth Rates, Percent	Accumulations Coefficient	National Income	Accumulations Fund	Consumption Fund
First	30.0	8	3.75	21.600	6.480	15.120
Second	29.6	8	3.70	23.328	6.905	16.422
Third	29.2	8	3.65	25.194	7.357	17.836
Fourth	28.8	8	3.60	27.209	7.836	19.372
Fifth	28.4	8	3.55	29.385	8.345	21.039
Sixth	28.0	8	3.50	31.735	8.886	22.848
Seventh	27.6	8	3.45	34.273	9.459	24.813
Eighth	27.2	8	3.40	37.014	10.068	26.945
Ninth	26.8	8	3.35	39.975	10.713	29.261
Tenth	26.4	8	3.30	43.174	11.397	31.776

Table 5

Influence of a Fund-Saving Form of Intensive Reproduction on Consumption Fund  
Growth Rates Given an Increase in National Income Growth Rates (Basic  
Accumulations Norm of 30 Percent)

Year	Accumulations Norm, Percent	National Income Growth Rates, Percent	Accumulations Coefficient	National Income	Accumu- lations Fund	Con- sump- tion Fund
First	30.0	8.0	3.75	21.600	6.480	15.120
Second	30.0	8.1	3.70	23.349	7.004	16.344
Third	30.0	8.2	3.65	25.263	7.579	17.683
Fourth	30.0	8.3	3.60	26.359	8.207	19.151
Fifth	30.0	8.4	3.55	29.527	8.858	20.688
Sixth	30.0	8.5	3.50	32.036	9.611	22.424
Seventh	30.0	8.6	3.45	34.791	10.437	42.353
Eighth	30.0	8.8	3.40	37.852	11.355	26.496
Ninth	30.0	8.9	3.35	41.220	12.366	28.853
Tenth	30.0	9.0	3.30	44.929	13.478	31.450

An increase in capital intensiveness leads to a decrease in consumption fund growth rates. An economic maneuver which could be undertaken in order for the decrease to be at a minimum is also determined by the basic share of accumulations. With a high accumulations share the maximum possible growth of the consumption fund will be achieved as a result of a decrease in the accumulations share. A decrease in national income growth rates will in this case be compensated for by an increase in the share of consumption. With a lower basic accumulations share it would be more expedient to increase it somewhat and, on this basis, maintain stable national income growth rates. However, it should be noted that a change in the accumulations share in the direction of increasing it when there is a growing capital intensiveness has less of a chance than a decrease in this share when there is a decrease in capital intensiveness, since at any given moment the capacities of capital creating branches are limited, and the possibility of providing newly created jobs with labor power is also limited. Consequently, with an increase in capital intensiveness society has less freedom of action in maximizing consumption fund growth rates than with a decrease in it. This fact aggravates the negative influence of a growth of capital intensiveness on consumption fund growth rates.

Consequently, if we proceed from the task of maximizing consumption fund growth rates, then in this case emphasis should be given to the ambiguity of the influence of capital intensiveness on changing the shares of accumulations and consumption in national income. Given an increase in capital intensiveness in relation to concrete economic conditions, society is able to select a development variant both with an increasing and with a stable or decreasing share of accumulations, since with a decrease in capital intensiveness the share

of accumulations may remain stable or decrease. An analysis of the dynamics of capital intensiveness and of a change in the shares of accumulations and consumption in the national incomes of the European CEMA countries confirms this conclusion (Table 6).

Table 6

The Share of the Accumulations Fund in the Utilized National Income  
of the European CEMA Countries, Percent

Country	1960	1965	1970	1975	1976	1977	1978	1979	1980
Bulgaria	27.4	28.4	29.2	32.5	28.9	26.0	24.0	22.8	22.4
Hungary	23.1	19.3	24.9	27.7	27.2	28.2	31.9	25.7	23.0
GDR	17.9	20.0	24.3	22.3	23.0	23.3	21.6	20.5	22.6
Poland	24.0	25.9	25.1	34.1	34.7	31.7	30.8	25.1	17.9
Romania*		24.3	28.8	34.1		36.0		----	----
USSR	26.8	26.3	29.5	26.6	27.0	26.8	26.8	25.3	23.8
Czechoslovakia	17.7	9.2	27.0	29.2	28.7	25.1	24.9	24.9	25.2

\*The data on Romania is cited as an average for the following periods: 1961-1965; 1966-1970; 1971-1975; 1976-1978.

Source: [10, p. 48; 11, p. 46; 9, p. 101].

In 1961-1965 in Bulgaria and the GDR with an increase in capital intensiveness there occurred an increase in the share of accumulations and, moreover, this increase was to a substantial extent the result of an increase in production accumulations. Thus, in the GDR the share of net capital investments in the branches of material production of total utilized national income increased from 8.7 percent in 1960 to 9.3 percent in 1965. However, in this case the increase in the share of accumulations was rather a cause than a consequence of the increase in capital intensiveness. During this period there occurred an increase in incomplected construction, jobs were created for which there was no supply of labor power, and the shift coefficient decreased.

In contrast to the above countries, with an increase in capital intensiveness there occurred in Hungary, the USSR, and Czechoslovakia a decrease in the share of accumulations. It was the sharpest in Czechoslovakia in 1962-1965--from 18.4 to 9.2 percent. This was caused by an endeavour to prevent an absolute decrease in the consumptions fund under conditions when national income growth rates were decreasing.

With a decrease in capital intensiveness during the first half of the 1960s in Poland and Romania the share of the accumulations fund continued to increase. In both countries an essential factor in this growth was the necessity to create jobs for labor power which had been newly brought into production. The increase in the share of accumulations occurred above all on the basis of an increase of production accumulations. In Poland the share of accumulations for an increase

in fixed productive capital in utilized national income increased from 9.5 percent in 1960 to 12.7 percent in 1965.

During the second half of the 1960s both in the countries where there was a stabilization or decrease in capital intensiveness and in the countries where it increased the accumulations fund growth rates exceeded the consumption fund growth rates and, as a result, the former's share in utilized national income increased. The only exception is the Polish People's Republic. However, in this country, despite an overall decrease in the share of accumulations in national income, the share of an increase in fixed productive capital in total accumulations increased from 40.5 to 50.2 percent. In the GDR and the USSR the increase in the share of the accumulations fund was also accompanied by an increase in the proportion of production accumulations within total accumulations. From 1965 through 1970 in the GDR the share of net capital investments in the branches of material production increased from 46.5 to 51.2 percent, and in the USSR the share of the accumulations fund for an increase in fixed productive capital increased from 34.9 to 38.1 percent.

The favorable dynamics of capital intensiveness in most of the countries at the end of the 1960s made it possible to somewhat lower the accumulations share in 1971-1973 in Bulgaria, Hungary, the GDR, the USSR, and Czechoslovakia. However, the development of their own capital intensive fuel and raw materials branches resulting from the increase in world prices for fuel and raw materials made it necessary to increase capital investments in these branches. As a result, the share of the accumulations fund again increased somewhat. The only exceptions were the GDR and USSR where this share continued to decrease.

As a result, by the middle of the 1970s a high accumulations share was achieved in all of the countries of the region. Its further growth given the intensive growth of capital intensiveness and a decrease in the national income growth rates could have had a negative effect upon the dynamics of the consumption fund. For this reason at the end of the 1970s there was a lowering of the accumulations share in all the countries. Only in the GDR and in Czechoslovakia did it increase somewhat in 1980 compared to 1979. The decrease in the accumulations share also accomplished the tasks of reducing the strain in the investment sphere and of coordinating capital investments with material and labor resources, since the increase in this share at the preceding stages, being, on the one hand, a specific reaction to the growing capital intensiveness, on the other hand, itself led to this kind of growth as a consequence of the disproportions which arose between capital investments and material and labor resources.

A stabilization or small decrease in the accumulations share is envisaged in the current 5-year plan in all of the European CEMA countries. In Bulgaria the share of the accumulations fund is being fixed at 25 percent, and in Hungary a further decrease to 17-19 percent is envisaged. The Czechoslovakian 5-year economic development plan for 1981-1985 provides for an increase in national income growth rates with lower production consumption growth rates. In Romania also there will be a certain decrease in the accumulations share. However,

a decrease in capital intensiveness and an improvement of the use of all material resources is envisaged as the basis for decreasing the accumulations share for the period 1981-1985.

The influence of capital intensiveness on the change in value proportions--the accumulation and consumption funds--corresponds to its influence on a change in physical-material relationships--subdivisions I and II of social production. Let us turn once again to Lenin's tables. An analysis of them shows that under socialism when a higher share of the means of production than of consumption articles is reached the growth rates of both draw closer together. The outstripping coefficient of subdivision I under socialism, calculated on the basis of the data in Lenin's tables, is five times lower than under capitalism. The drawing closer of the growth rates of subdivisions I and II occurs in this example on the basis of a decrease in the share of accumulations. If a decrease or stabilization of the share of accumulations is supplemented by a decrease in capital intensiveness, then this will make possible an even greater closeness between the growth rates of both subdivisions of social production, and, in individual cases, the development at more rapid rates of the production of consumer goods.

In research the influence of a change in capital intensiveness on the relationships between subdivisions I and II is usually looked upon as a change in the capital intensiveness of the entire social product. However, a detailed analysis of a change in capital intensiveness performed individually in subdivisions I and II of social production shows that the change in the growth rates of both the one and the other will occur differently, depending upon how capital intensiveness changes concretely in each of the subdivisions.

The influence of capital intensiveness on a change in the relationship between the growth rates of both subdivisions of social production is realized as a result of the interaction of two factors--changes in capital intensiveness in each of the subdivisions at a given point of time, and changes in the shares of the means of production which are assigned to each of the subdivisions which, in their turn, are determined by a change in capital intensiveness at the preceding stages. Thus, with stable structures of capital investments and of the distribution of the means of production for the production of the means of production and of consumer goods a change in the relationship between the growth rates of subdivisions I and II depends upon a change in capital intensiveness in each of them at a given moment. With a general decrease in capital intensiveness the growth rates of subdivision I may outstrip the growth rates of subdivision II in the event that a decrease in capital intensiveness in subdivision I occurs with an unchanged level or a lesser intensity than its decrease in subdivision II. However, at subsequent stages an increase in capital intensiveness in subdivision I will make it possible to redistribute the means of production into subdivision II and, on this basis, ensure the coming together of the growth rates of both subdivisions, and, in certain cases, higher growth rates for subdivision II. In addition, not any increase in capital intensiveness in subdivision I leads in the final analysis to the above-mentioned coming together of growth rates or to an increase in the share of subdivision II,

but only the kind of increase which occurs in connection with a high initial level of return on capital and with a high share of the means of production. In the contrary case, an increase in the means of production for the production of consumer goods will be insufficient for bringing the growth rates of the two subdivisions closer to one another.

Since only data which characterizes group A and group B of industrial production is published in the statistics of the socialist countries, our analysis will be limited primarily to this data. But in view of the fact that group A and group B comprise the preponderant share in the structure of subdivisions I and II, the conclusion may be drawn that the dynamics of both subdivisions will to a decisive extent be determined by the dynamics of group A and group B of industrial production. Consequently, an analysis of the influence of a change in return on capital on the dynamics of group A and group B is, in the final analysis, correct and applicable to subdivisions I and II of social production.

In a number of CEMA countries the coming together of growth rates and the increase in the share of group B occurred under conditions described above--a more intensive increase in return on capital in group A and a redistribution of capital investments and of the means of production to group B.

In all of the European CEMA countries the share of the production of the means of production in gross industrial output has reached a high level. Beginning with the second half of the 1960s in individual years there occurred a coming together of the growth of both groups of industrial production; moreover, in Hungary and Poland the increase in the production of consumer goods exceeded the increase in the production of the means of production with the result that the share of group A decreased while that of group B increased. As a result, in 1980 the share of group A came to 63.9 percent in Hungary and the share of group B to 36.1 percent, while in Poland these indicators were 64.9 and 35.1 percent. In Romania and the USSR the share of group A has been stabilized in recent years at a high level--74.3 percent in Romania and 73.8 percent in the USSR. Only in Bulgaria, the GDR, and Czechoslovakia does the share of the production of the means of production in gross industrial output continue to grow. In Bulgaria this share is 62 percent, in the GDR--66.4 percent, and in Czechoslovakia--68.1 percent [11, pp. 70-71].

In Hungary the decrease in the share of group A in gross industrial output in the second half of the 1960s was accompanied by an increase in return on capital and a decrease in the materials intensiveness of industrial production. In addition, the increase in return on capital in the branches of industry which produce primarily the means of production (electric power engineering and thermal power engineering, machine building, the chemical and rubber and asbestos industries) was more intensive than in the branches which produce primarily consumer goods. Consequently, the increase in the growth rates of consumer goods occurred above all on the basis of an increase in fixed capital in the branches which produce primarily consumer goods. In the 1970s the decrease in the share of group A in the gross industrial output of Hungary in connection

with an increase in capital intensiveness was basically determined by the factor of decreasing materials intensiveness, and in the first half of the 1960s and the end of the 1970s--by a decrease in the accumulations share.

In Poland the increase in the share of group B during the second half of the 1970s occurred in connection with an increase in capital intensiveness and was the result of a decrease in the accumulations share.

In Czechoslovakia the growing together of the growth rates of group A and group B at the end of the 1960s occurred with an increase in return on capital in industry. In addition, the increase in return on capital occurred both in branches which produce primarily the means of production and in branches which produce primarily consumer goods; however, in the first group of branches the increase in return on capital occurred more intensively than in the second. In 1971-1975 an increase in return on capital in industry occurred above all on the basis of its growth in the branches which produce primarily the means of production. In the branches which produce primarily consumer goods--textile and knitted wear and the food industry--return on capital decreased. The favorable dynamics of capital intensiveness in the branches which produce primarily the means of production make it possible to increase the share of capital investments assigned to group B from 18 percent in 1963-1968 to 23.8 percent in 1969-1976 [7, p. 74]. However, the decrease in return on capital in the first half of the 1970s in the branches which produce primarily consumer goods was so intensive that it could not be compensated for by an increase in the growth of fixed productive capital. As a result, the gap in the growth rates of group A and B of industry became somewhat wider. A decrease in return on capital in industry in the second half of the 1970s helped even more to increase the outstripping growth rates of group A (Table 7).

Table 7

Relationship Between the Growth Rates of Group A and Group B  
of Industrial Production in the European CEMA Countries  
(Percentage of growth in group A per one percent of growth  
in the output of B)\*

Country	1961-1965	1966-1970	1971-1975	1976-1980
Bulgaria	1.56	1.27	1.40	1.86
Hungary	0.96	0.91	0.94	0.80
GDR	1.31	1.56	1.18	1.21
Poland	1.49	1.43	1.03	0.96
USSR	1.46	1.04	1.24	1.25
Czechoslovakia	1.48	1.04	1.14	1.40

\*Calculated on the basis of [10, p. 73; 11, p. 69].



In 1981-1985 a course aimed at bringing together the growth rates of group A and B was adopted in Bulgaria, and higher group B growth rates compared to those of group A have been planned in the USSR. In the foreign CEMA countries the necessity for developing capital intensive raw materials and fuel and energy branches is a serious obstacle to the solution of the problem of bringing together of growth rates of both subdivisions. Given the increased share of capital investments into these branches, the basic factor which will promote a narrowing of the gap between the group A and B growth rates will be a decrease in capital intensiveness in the branches of industry.

The influence of capital intensiveness is not limited to the formation of the value and physical-material proportions of reproduction which in themselves characterize the level of efficiency of a socialist economy. The dynamics of capital intensiveness also determine the formation of such physical-value proportions as the relationship between an increase in the population's income and in the production of consumer goods. In other words, the problem of covering the population's increasing income with commodities also traces its roots to the dynamics of capital intensiveness. An increase in capital intensiveness which leads to an increase in the growth rates of the production of the means of production also presupposes a redistribution of labor power into this sphere of production. As a rule, in most of the CEMA countries the level of wages, and also its growth rates in capital-creating branches are higher than the average level. As a result, it turns out that with increasing capital intensiveness an increase in the population's monetary income is to a substantial extent determined by an increase in the number of employees in the capital-creating branches. On the other hand, the same increase in capital intensiveness leads to a relative decrease in the growth rates of the production of consumer goods. As a result, the problem of supplying commodities for the population's growing monetary income is exacerbated.

As calculations show, the growth rates of the wage fund of workers and employees in the state and cooperative sectors of the Czechoslovakian economy outstrip the growth rates of consumption production almost throughout the entire time segment being examined. In addition, at the stages of a worsening of the capital intensiveness dynamics this gap grew wider. Thus, in 1961-1965 one percent of increase in the wage fund in the Czechoslovakian Socialist Republic was matched by a 0.67 percent increase in the output of subdivision II. At the stage of an improvement of the capital intensiveness dynamics at the end of the 1960s and beginning of the 1970s this gap grew narrower. In 1966-1970 a 1 percent increase in wages was matched by a 0.97 percent increase in the output of subdivision II. Moreover, in the early 1970s the growth rates of the production of consumer goods outstripped the growth rates of the wage fund of workers and employees. The relationship between the growth rates of the output of subdivision II and the wage fund came to 1.02.

Thus, an improvement of the dynamics of capital intensiveness is at the current stage an indispensable condition for increasing production efficiency and achieving on this basis a stabilization or decrease in the share of accumulations in national income, the coming together of the growth rates of subdivisions I

and II of social production and of group A and group B of industrial production, and for fuller commodity supplies for the population's growing monetary income. The measures being carried out to increase the efficiency of fixed productive capital which are aimed at improving its technical level by means of accelerating the decommissioning of outmoded productive capital, increasing the share of capital investments for production modernization and reconstruction, increasing its automation and its overall mechanization, and also raising the level of the use of the production potential on the basis of a decrease in the amount of new construction should promote in the future an improvement of the dynamics of capital intensiveness and an increase in economic efficiency.

#### BIBLIOGRAPHY

1. K. Marx and F. Engels, "Works," Second Edition, Vol 46, Part II, p 213.
2. "The Lenin Collection XXXVIII," Moscow, 1975.
3. "Materials of the 26th CPSU Congress," Moscow, Politizdat, 1981, p 109.
4. P. Zhivkov, "Report of the Central Committee of the Bulgarian Communist Party to the 12th Congress and the Party's Forthcoming Tasks," Sofia, 1981, p. 19.
5. E. Honecker, "Report of the Central Committee of the Socialist Unity Party of Germany to the 10th Congress of the Socialist Unity Party of Germany," Berlin, 1981, p 75.
6. "The 16th Congress of the Communist Party of Czechoslovakia," Prague, 1981.
7. R. Vintrova, "The Problems of Improving the Proportions of Socialist Reproduction," Moscow, Nauka, 1981.
8. VESTINIK STATISTIKI, No 12, 1974, pp 25-26.
9. "Gross National Products, National Incomes, Employment, and Fixed Capital of the Economies of the CEMA Countries and Yugoslavia (Statistical Materials)," Part I, Moscow, IEMSS, 1978.
10. "Statistical Yearbook of the CEMA Member Countries. 1979," Moscow, 1979.
11. "Statistical Yearbook of the CEMA Member Countries. 1981," Moscow, 1981.
12. STATISTISCHE PRAXIS, No 11, 1974, p 541.

COPYRIGHT: Izdatel'stvo "Nauka", "Izvestiya AN SSSR, seriya ekonomicheskaya", 1982

2959

CSO: 1825/30

## USSR-CEMA TRADE

### CEMA STANDARDS APPLIED IN HUNGARY

Moscow IZVESTIYA in Russian 11 Mar 83 p 5

[Article by IZVESTIYA Budapest correspondent S. Dardykin: "A Guarantee of Quality"]

[Text] Once I was invited to look at a new shop for repairing household appliances in Eger. The repair shop really was excellent: light, spacious, the latest diagnostic instruments. Attention, however, was immediately attracted by entire stacks of "Raketa" vacuum cleaners, still with the seals unbroken in the plant packaging. Can this really be defective output?

"No," they told me, "the Soviet 'Raketa' is a superior machine, reliable and inexpensive. They literally hunt for these vacuum cleaners in the stores. Only this electric plug does not correspond to the standards accepted in Hungary. That is why they must be altered at the request of the trade."

A thing of the past. Since that time vacuum cleaners have extended the list of those household appliances for which a single CEMA standard applies. In a year or two the turn for television sets will arrive, too. And by the end of the five-year plan, the specialists promise, up to 90 percent of domestic appliances and electronics will meet CEMA standards.

In the Gosstandart VNR [State Committee for Standards of the Hungarian People's Republic], more precisely in its administration which handles international matters, they provided the information. Today there are 3,841 CEMA standards in force. Is this many or few? Let us compare: in Hungary, as an example, there are 10,000 state standards.

(Sandor Vass), chief of the administration, began with the fact that the subject of CEMA standards is new; they have been developed since 1974. Previously only the recommendations of the CEMA Permanent Commission for Standardization existed. Within CEMA at present, not only the role of this commission has been increased, but the CEMA Institute for Standardization is also functioning as well. In particular, it examines the drafts of standards with the aim of guaranteeing their high technical level. First and foremost, standards are drafted, discussed and approved which ensure fulfillment of long-range special-purpose programs of collaboration, of the five-year plan of multilateral integration measures.

As (Geza Keltai), chief of the department of power engineering, told me, precisely the timely appearance of a CEMA standard made it possible for Hungary several years ago to put in production equipment for an integrated construction project--the 750-kilovolt power transmission line from Vinnitsa to Albertirsa. Incidentally, namely power engineering holds one of the leading places in the number of CEMA standards that have already been drafted. Machine building is ahead of it in the number of standards, and the chemical industry is a little behind. In recent years, computer equipment, electronics, and equipment for nuclear power stations have moved forward--all these are leading directions of collaboration. The allocation of roles among CEMA countries in the field of standardization is dictated by their production specialization. For example, Hungary is very actively engaged in the drafting of CEMA standards for bus manufacturing.

In everyday terms, a standard is when you put a cassette of any make into a recorder of any make without taking notice. Or any razor blade in any razor. Or...

In Hungary, they will be ready to take back any glass jar of domestic manufacture in stores or special centers. But let us say that they return a Bulgarian one. In recent years, true, they have established containers in Budapest for "nonstandard" glass. Conscientious citizens do not pass them by. In that way the raw material does not go to waste, and again goes into use. But the wastes of time and the machine and human labor that is spent in the manufacture of glassware?

Let us avail ourselves of the figures. Last year the glass industry in Hungary produced jars valued at 1 million forints. Roughly half, with their contents, went for export, and three-quarters of this number went to the socialist countries. It should be stated that CEMA standards for glass containers already exist. The task now is to introduce them. It is understandable that a task of such magnitude is not resolved immediately; it is simply impossible to immediately replace the equipment which has become "nonstandard." But on the other hand, when this takes place, a vast number of glass containers will be saved for repeated use. The same jar can be sent with Hungarian canned food to Bulgaria and return from there with Bulgarian stewed fruit.

Or let us take passenger cars. Hungary does not produce them itself, but buys them from the Soviet Union, Czechoslovakia, the GDR, Romania and Poland. Hungarian roads look picturesque because of this variety, but it adds trouble for vehicle service workers. The spare parts alone count for a lot--each model has its own! I asked (Sandor Vass) if it is possible to come to an agreement on single standards here, too. Not now, of course, in the future. Specialists on standards, I realized, are not inclined to make things up. But after all, multilateral cooperation is operating smoothly in the production of "Zhigulis"! From just the Hungarian side, five enterprises are taking part in it, supplying similar production to other partners in CEMA as well. It turns out that the points of contact already have been designated. At the last meeting of the CEMA Permanent Commission for Standardization in the Hungarian city of Siofok, unified technical requirements for vehicle headlights were approved, among another 200 new CEMA standards.

I asked (Dyula Bogнар), chief of the machine building department, for an example more simply. He suggested the CEMA standard under the number 2818-80, which applies to "metal flanges," steel seals, to put it more simply, which are indispensable in main pipelines, in a heating system, and at electric power stations. To work it out, Hungary's Gosstandart enlisted the services of scientists at the polytechnical institute, representatives of large enterprises --the Metallurgical Combine imeni Lenin, and the Shipbuilding Plants imeni 4 April and "Lang." Hungary responded with preparation of a standard for the form and dimensions of impermeable surfaces. Specialists from the GDR concerned themselves with the so-called connecting dimensions of the same metal flanges. At the same time, the opinions of other countries concerned were carefully taken into consideration as well, and the plan for a future standard was discussed in detail repeatedly.

The strictness of CEMA's standards should conform as much as possible to the world level. In its final and approved form, each standard represents an entire booklet full of formulas, figures and sketches. And any interested country within CEMA assumes two obligations: to determine the periods when it will begin to apply a new standard in economic and scientific and technical collaboration with CEMA partners and when it will be applied in its own economy.

...CEMA meets a standard. These words are not put on goods which are traded by the socialist countries. But they are more and more frequently heard in negotiations. And they sound ponderable. Like a guarantee of quality.

8936

CSO: 1825/34

## USSR-CEMA TRADE

### CEMA PERMANENT COMMISSION FOR STANDARDIZATION DETAILED

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 11,  
Nov 82 pp 41-45

[Article by Helmut (Liliye), president of the GDR Administration for Standardization, Metrology and Commodity Testing and chairman of the CEMA Permanent Commission for Standardization: "Twenty Years of the CEMA Permanent Commission for Collaboration in the Field of Standardization"]

[Text] At the present time, more than ever, economics occupies an important place in the policy of fraternal countries. It is necessary to become adjusted in the new, more complex conditions of development in the 1980's, to which we must adapt in the interests of ensuring a sharp upswing in economic potential. Hence the special importance of economic and scientific and technical collaboration among the CEMA member countries.

The consistent and purposeful intensification of socialist economic integration serves to further consolidate the economic might of socialism. Emphasizing the urgency of this task, Comrade E. Honecker, general secretary of the SED [Socialist Unity Party of Germany] Central Committee, pointed out at the November (1981) Plenum of the SED Central Committee: "Today more than ever, it is borne out that consolidation of cooperation is of great importance for the class struggle with imperialism and with its political confrontations. For this reason, efficient utilization of opportunities for socialist integration with the USSR and other CEMA member countries in putting into practice the economic strategy of fraternal parties in the 1980's is indeed an international task."

In putting this strategy into effect, CEMA member countries are being guided by long-term special-purpose programs of collaboration that have been drafted and approved on a multilateral basis, as well as agreements concluded on a bilateral basis in such important fields as machine building and electrical engineering; the production of power, raw material and fuel; agriculture and the food industry, and the production of consumer goods; and transportation. These programs contain the basic directions for further collaboration in the 1980's and establish the necessary prerequisites to carry out the economic strategy outlined by the fraternal parties.

During meetings in the Crimea in 1981 and 1982 between Comrade L. I. Brezhnev, general secretary of the CPSU Central Committee and chairman of the Presidium of the USSR Supreme Soviet, and the general and first secretaries of the fraternal parties of CEMA member countries, significant expansion of production subcontracting [kooperirovaniye] was agreed upon, especially in the sectors which determine scientific and technical progress. Considerable attention was devoted to joint operations in developing microelectronics and robotics.

In attaching special importance to unification of efforts in the most important directions of scientific and technical progress, the heads of delegations of the CEMA member countries signed general agreements during the 36th meeting of the Council Session on collaboration for the development and broad use in the national economy of microprocessor technology, as well as for the development and organization of the specialized and subcontracted production of industrial robots. An Intergovernmental Agreement on Multilateral International Specialization and Subcontracting for the Development and Production of Articles Based on Microelements for Computerized Equipment [sredstva vychislitel'noy tekhniki], Special Industrial Equipment, and Especially Pure Materials for Microelectronics, was also signed.

An important role in ensuring the appropriate quality, interchangeability and technical compatibility of mutually supplied products, and primarily specialized articles, is being played within CEMA by standardization, which has become a means of interaction and interrelationship among science, technology and production.

Inasmuch as the public demand for a single technical policy within each socialist state has led to the establishment of standards of compulsory qualitative and other technical features, collaboration within CEMA and the intensifying division of labor have given rise to the need for unification of national standards. Since the establishment in 1956 of the CEMA permanent commission, this purpose has been served by different normative and technical documents which have the character of CEMA recommendations. The most extensive of these are the CEMA recommendations on standardization (RS CEMA).

To ensure the effectiveness of collaboration and coordination of efforts in the field of standardization within CEMA, the Permanent Commission and Institute of CEMA for Standardization, together with other organizations, were established at the 16th Council Session (special meeting) in 1962.

In marking their 20th anniversary this year, the very extensive and effective economic results of their activity should be emphasized.

More than 7,500 CEMA standardization recommendations which have been drafted and approved by the Commission and other Council organs, to the extent that they are introduced into national standards, have led to their unification and have become the normative-technical basis for reciprocal barter and international division of labor.

The approval of the Overall Program in 1971 marked a new stage in collaboration and socialist economic integration. Development of the division of labor and establishment of closer economic ties among CEMA member countries opened for standardization a totally new scope in the direction and intensity of its operations. This is expressed in the joint planning, development and obligatory application of common standards for CEMA countries (ST CEMA).

At its 28th meeting, the Council Session approved the Provision on a CEMA Standard and recommended that the countries concerned ratify the Convention on the Application of CEMA Standards, which has the character of a document of international law. In March 1975, it went into effect. Thus the process of a shift from collaboration in accordance with unification of national standards to joint international standardization within CEMA is taking place on the basis of common CEMA standards for the countries.

The Permanent CEMA Commission for collaboration in the field of standardization and its delegations from the countries have been entrusted with the extremely important task of planning and approving CEMA standards. As a result of the activity of CEMA organs and the international organizations of countries in the socialist community during the years of approval of the Provision on a CEMA Standard and the coming into force of the Convention on their application, joint standardization within CEMA was being developed exceptionally fruitfully both in a quantitative respect and from the viewpoint of its influence on the countries' national economy and their economic integration. The quantitative growth in the total number of ST CEMA's [common standards] is shown in Table 1.

Table 1

Increase in the Total Number of CEMA Standards by Years

<u>Year</u>	<u>Number of CEMA Standards</u>
1974	41
1975	143
1976	302
1977	732
1978	1,386
1979	1,966
1980	2,724
1981	3,405
1982	~4,000

With regard to the application of CEMA standards, a question arises about the structure of the bulk of them and those who develop them.



Our Commission develops CEMA standards for projects with a general technical and intersectorial purpose; as far as the CEMA standards for specific output produced in conformity with agreements on specialization and production subcontracting, as well as reciprocal deliveries between countries are concerned, they are established within sectorial commissions of the Council and the international organizations of CEMA member countries.

Our Commission has drafted 52.5 percent of the total number of CEMA standards thus far approved. Of the total number of CEMA common standards, 13.1 percent are due to the CEMA Permanent Commission for Collaboration in the Field of Machine Building, 8.9 percent to the CEMA Permanent Commission for the Chemical Industry, 4.1 percent to the CEMA Permanent Commission for Radio and Electronics Engineering Industry, and 4.1 percent to "Interelektro," and less than 1 to 2 percent to other CEMA permanent commissions and international organizations of CEMA member countries. The relatively high proportion for our commission is due to the fact that it has been necessary to establish basic CEMA standards before making a transition to specific CEMA subject standards.

In order to emphasize the primary need to develop basic standards, let us list some of them:

single norms of interchangeability, in particular, for tolerances in the machine building, electrical engineering, and other sectors of industry, taking into account in the process conformity with the Overall Program of ISO [International Standardization Organization] Standards;

unified instructions for drawing up design documentation, known under the acronym YeSKD [unified system of design documentation], which is important both from the viewpoint of a single technical language for the export and import of equipment, and in the uniformity in formulating the CEMA standards themselves;

common machine tools, brackets, hydraulics, pneumatics, as well as bearings and the like.

The international system of physical units (SI) is being applied in the majority of CEMA standards.

Standardization covers primarily the most important types of production in the basic sectors of the national economy which are the objects of economic integration, such as machines, equipment and tools; electronic equipment and radio engineering items; measuring instruments, means of automation and computer equipment; chemical products; metals, and so forth.

The proportion of CEMA standards for individual types of production is as follows (in percent):

--machines, equipment and tools:	27.0
--metals and metal products:	12.4
--power and electrical engineering equipment:	9.7
--chemical products and rubber-asbestos items:	9.7

- general technical standards: 6.3
- electronic equipment, radioelectronics and communications: 4.8
- lumber (articles of wood, pulp, paper, cardboard): 4.3
- measuring instruments, means of automation and computer equipment: 4.0
- minerals: 2.9
- food and flavoring products: 2.3
- construction materials: 2.2
- silicoceramic and carbon materials: 2.1
- cultural and domestic articles: 1.8
- petroleum products: 1.6
- textile and leather materials and products: 1.2
- sanitation and hygiene articles: 1.0
- in the field of agriculture and forestry: 0.9
- in nuclear technology: 0.9

For the application of CEMA standards, it is important that most of the total number consists of standards for technical requirements, basic parameters, measurements, and other requirements which determine the technical level of products and ensure technical compatibility and interchangeability, as indicated in Table 2. The CEMA standards for testing methods, which make up a significant part of the total number, establish a single basis for evaluating the quality of products and the prerequisites for their mutual acceptance.

Table 2

Proportion of common CEMA standards with technical characteristics: 54.1 percent.

Proportion of testing methods: 36.3 percent.

Proportion of common CEMA standards containing the basic norms: 9.1 percent.

The application of CEMA standards in the national economy and in the collaboration of CEMA member countries attests to the considerable gain from joint activity in a given field within CEMA.

According to the data of delegations of the countries in the Commission, obtained as a result of analysis in sectors which apply CEMA standards, significant savings in electric power and smelting capacity have been achieved from the introduction of CEMA standards which contain scientifically substantiated input norms for the designer, manufacturer and consumer of power-consuming production facilities such as cupolas (ST CEMA 2266-80), arc steel-smelting furnaces (ST CEMA 2264-80), crucible induction furnaces of line frequency [setevoy chastoty] for casting iron (ST CEMA 2265-80) and for smelting aluminum (ST CEMA 2267-80).

Introduction of ST CEMA's for the norms and methods of estimating the durability of vessels and apparatus (ST CEMA 596-77, 597-77, 1039-78, 1040-78 and 1041-78, 1644-79, 1645-79, 2574-80, 3027-80 and 3028-80) has made it possible to significantly reduce the time for their designing as well as to decrease the metal- and labor-intensiveness in their manufacture by reducing the gage and increasing the durability of elements (the annual gain from savings of high-grade steel in the USSR, for example, amounted to 1 million rubles).

Thus, for a country taking part in the approval and application of CEMA standards, it is like importing scientific and technical progress.

The delegations united in the Commission under the leadership of the chairmen of the national departments are systematically conducting a survey of use in the national economy and in collaboration of the countries participating in the Convention for Applying CEMA Standards.

The opportunity for their application is determined by participation of the country which is the foreign trade partner in approving one CEMA standard or another and by the arrival of the period for its use established by countries taking part in the Convention, as indicated in Table 3.

Table 3

Data<sup>1</sup> on Application of Common CEMA Standards in the National Economy of Countries Participating in the Convention

<u>Participating Country</u>	<u>Number of Standards</u>	
	<u>Announced for Appli-</u> <u>cation (units)</u>	<u>With Arrival of Ap-</u> <u>plication Period (%)</u>
Bulgaria	3,000	34
Hungary	2,362	41
GDR	2,468	43
Cuba	128	53
Mongolia	200	83
Poland	1,566	36
USSR	2,680	59
CSSR	2,540	44

1. Status as of 1 November 1981 (total number of common CEMA standards approved 3,106).

In conformity with directives of the CEMA Executive Committee, delegations of countries in the Commission, with the aim of retaining the urgent nature of the level of requirements incorporated in the common CEMA standards, have undertaken steps in the countries to reduce the period between approval and application of the CEMA standards both in the national economy and in contract and legal relations among countries.

Inasmuch as the obligatoriness of applying common CEMA standards in contract and legal relations comes only as a result of references to them in documents (agreements, treaties, contracts), the delegations of countries, with the participation of national organs responsible for collaboration in the field of physical production, in particular for the conclusion of agreements, are making efforts to ensure that these standards become an integral part of legal documents.

The common CEMA standards are to an ever greater extent contributing to the preparation, conclusion and implementation of agreements on specialization and subcontracting by countries in the field of science and production.

For example, the common CEMA standards for the dimensions and technical requirements of roller bearings (wearing qualities, durability of operating surfaces, acceptable level of vibration, tolerances), testing methods and rules for transportation, acceptance and storage are an integral part of agreement on the specialization and subcontracting of production which determines the collaboration of participants in the OSPP [Organization for Collaboration in the Bearings Industry]. The common CEMA standards for digital and analog microcircuits and transistors determine the decisive parameters for implementing the agreement on the MMSK [expansion unknown] for the development and production of groups of semiconductor instruments and integrated microcircuits, and many others.

Delegations and the Commission as a whole should devote attention in the future as well to conformity of the periods for applying CEMA standards to the periods for preparing and carrying out the corresponding agreements; of the standardized content and structure of the product range [nomenklatura] of the indicators included in the common CEMA standards to the content of agreements; as well as of the group of participants in the CEMA standard to the group of participants in the corresponding agreement.

The problems of economic strategy set forth in the decisions of the congresses of fraternal parties for the 1980's require, in particular, from international standardization within CEMA the stimulation of efforts to coordinate achievements in the field of science and technology with standardization and, on this basis, with physical production.

The contribution which joint international standardization within CEMA has been called upon to make to implementation of the DTsPS [Long-Term Goal Oriented Program for Cooperation] consists of ensuring

a level of quality and reliability of mutually supplied products which meets the latest achievements of scientific and technical progress;

interchangeability and technical compatibility of specialized assemblies [uzly] through their classification by type and standardization with the aim of reducing the number of types;

rational use of raw material, materials and power, bearing in mind that the amount of them will remain unchanged in a number of countries in the future when there is increased production being turned out.

The Plan for Collaboration of CEMA Member Countries in the Field of Standardization for 1981-1985, which was approved at the 97th meeting of the CEMA Executive Committee, serves these purposes. The predominant part (80 percent) of the measures stipulated by the plan have been directed at the normative-technical and metrological provision of the DTsPS and agreements on the specialization and subcontracting of production. In providing for the DTsPS special attention has been devoted to machine building. Of all the measures in the plan, 48.4 percent fall to its share, while 24.6 percent are for power, fuel and raw material; 12.7 percent are for consumer goods; 11.3 percent are for agriculture and the food industry; and 0.3 percent for transportation. The highest priority problems have been earmarked in such important fields as machine building and electronics.

Thus, in conformity with the DTsPS for machine building and with the Agreement on Scientific and Technical Collaboration of CEMA Member Countries for the Development of Industrial Robots and Manipulators for 1980-1985, the overall subject of multilateral standardization of basic elements and assemblies of modern industrial robots, distinguished by high indicators, has been included in the plan for the current 5-year period. Similar operations are being stipulated in the field of machine tools with ChPU [digital programmed control], as well as in connection with the signing of agreements on robots and microprocessor technology at the 26th meeting of the CEMA Session.

In order to make a proper contribution to implementation of the economic strategy of fraternal parties for the 1980's, the Commission, in carrying out the plan for collaboration in the field of standardization, should organize the work so that CEMA standards in line with national standards exert a positive influence on improving the scientific and technical and quality level of production and on reducing the input of physical and power resources.

So that this five-year plan meets the urgent economic requirements of CEMA member countries in each stage of its implementation, it is necessary to systematically verify the conformity of the content of programs of operations for each overall subject to the vital requirements of both collaboration within CEMA and in the national economy, inasmuch as a significant part of the programs of operations was put together before the parties' congresses. At the same time, it should be taken into account that these programs are an important source for the preparation of annual plans.

The aggregate economic gain of international standardization within CEMA depends on the unity of its influence on the rational use of resources and product quality. It should correspond to the foremost international level

and trends of its development. In this regard, the Commission does not have the right to allow any kind of compromises, since otherwise standards will be drafted which act as an obstacle to scientific and technical progress. By analogy with the national ones they may fulfill their task--to be an intermediary of scientific and technical progress--only if their development is a limited integral part at each stage and a result of the solution of a scientific research or planning and design problem. In this connection, it seems highly advisable to find ways of coordinating plans for science and technology with plans for standardization. Qualitatively new opportunities are being revealed in these conditions by long-term special-purpose programs of collaboration, as well as by the high-priority directions of specialization and subcontracting in machine building, approved at the 97th meeting of the Council Executive Committee. In these documents, standardization is viewed as an organic part of scientific research operations for the preparation of specialized production, such as the establishment of a unified base for the products of electronic technology and microprocessors, controls with ChPU, industrial robots, and a number of other items.

Coordination between scientific research operations and standardization serves as a guarantee of their high quality level, whereas it does not exist everywhere. For this reason, in approving drafts of common CEMA standards, the Commission should insist on proof of conformity to the foremost international level for the indicators of product quality and rational use of resources that have been proposed.

The expert opinions which the CEMA Institute for Standardization, in conformity with the Proposal on it, prepares for all drafts of CEMA common standards are an important means here. The Institute is continually improving work on expert opinions. At the same time, the decision of the Commission, which requires that authors of a draft of a CEMA common standard compare the proposed level of indicators with the foremost international level, should be implemented with the appropriate consistency. After all, only the combination of standardized expert opinions of the Institute with the authors' qualitative comparisons with the international level will give the Commission the opportunity to produce a document approving CEMA standards with the anticipated economic gain.

Simultaneously with efficient planning and approval of all CEMA standards and their own development of intersectorial CEMA common standards, the Commission has been charged with methodically directing standardization within CEMA.

Proceeding from the decree of the 89th meeting of the CEMA Executive Committee, the Commission, on the basis of the work of the CEMA Institute for Standardization and its sections, is preparing a system of standardized documentation for CEMA activity in the field of standardization, metrology and product quality. The Commission has approved and sent to CEMA organs and international organizations of CEMA member countries the appropriate methodical directives for the development of programs in the overall subjects of the five-year plan for planning and establishing CEMA standards, particularly with a differentiated level of indicators; for constructing, setting forth and formulating CEMA

standards, particularly with respect to terms and definitions, as well as for the verification, inspection and introduction of changes and cancellation of standards.

In connection with the preparation of a system of normative documentation and in the execution of tasks set by the Overall Program, the section for metrology, at the instructions of the Commission, is developing legal documents on a CEMA standard [etalon], on a CEMA standard model, on a unified time and frequency service, and on mutual recognition by CEMA member countries of the results of state testing and initial verification of the means of measurement. Thus, collaboration in metrology is being raised to a significantly higher level. For this reason, the demand for normative and normative-technical documents in which results of collaboration in the field of metrology are reflected is becoming more and more pressing. This concerns the results which, because of their specific nature, cannot be fixed in standards such as certificates of models, a manual for a standard, and so forth. The Commission has set the task before metrology sections of establishing the nature and forms of similar documents.

A special place is held by operations to define the general conditions for reciprocal recognition of the results of state testing and quality control within CEMA. The work is important for the preparation of a conclusion and implementation of bilateral agreements in this field. The economic gain from their application is achieved because of the factors of time and funds for secondary testing of a product, the need for which no longer arises with the conclusion of such agreements. The activity of the Commission thereby corresponds to the provisions of the Final Act of the Conference on Security and Collaboration in Europe, signed on 1 August 1975 in Helsinki.

Thus, standardization within CEMA is proving its worth as an effective factor of assistance for the division of labor of fraternal countries in the area of physical production and thereby for an increase in their economic might. With these objectives, the CEMA Permanent Commission for Collaboration in the Field of Standardization and the CEMA Institute for Standardization are making a contribution to fulfillment of the chief economic task which the fraternal parties have placed at the center of attention for 1981-1985--everything for the welfare of the working people of each of the countries and the socialist community as a whole.

COPYRIGHT: Sovet Ekonomicheskoy Vzaimopomoshchi Sekretariat Moskva 1982

8936

CSO: 1825/34

## TRADE WITH INDUSTRIALIZED COUNTRIES

### NOVEMBER 1982 MEETING OF U.S.-SOVIET COUNCIL

Moscow FOREIGN TRADE in English No 3, Mar 83 pp 13-17

[For additional material see FBIS Soviet Union DAILY REPORT, Vol III, No 223, 18 Nov 82 pp A1-A3]

[Text]

In November 1982 the International Trade Center in Moscow was the venue of the 7th meeting of the US-USSR Trade and Economic Council, an organ of American and Soviet business circles. The session was attended by an American delegation of some 300 businessmen, among whom were representatives from over 120 US firms and their subsidiaries in Europe. Simultaneously with the meetings of the Council and its committees there were discussions on a wide range of questions concerning Soviet-American trade and economic relations. Participants in the Council's session had meetings with N.A. Tikhonov, Chairman of the USSR Council of Ministers, and N.K. Baibakov and G.A. Marchuk, Deputy Chairmen of the USSR Council of Ministers, and with the officials of various ministries, departments and foreign trade organizations of the USSR.

The Soviet participants in the work of the Council and in discussions were: N.S. Patolichev, Minister of Foreign Trade of the USSR, N.D. Komarov, First Deputy Minister of Foreign Trade, Deputy Foreign Trade Ministers V.N. Sushkov and N.G. Osipov; G.M. Kornienko, First Deputy Minister of Foreign Affairs of the USSR, G.A. Arbatov, Director of the Institute of the USA and Canada; N.N. Inozemtsev, Deputy Chairman of the USSR State Planning Committee; V.V. Sychev, Deputy Chairman of the USSR State Committee for Science and Technology; N.V. Oreshkin, Deputy Minister of the Food Industry; B.A. Runov, Deputy Minister of Agriculture, and offi-



cials of various ministries and organizations.

Speakers on the American side included company presidents: M. Forrestal (Shearman & Sterling), R. Lun-deen (Dow Chemical), D. Tendler (Phibro-Salomon), W. MacMillan (Cargill), H. Morley (Stauffer Chemical), R. Malott (FMC) as well as A. Hartman, US Ambassador to the USSR, Senator R. Dole (Chairman of a Senate commission), and Congressmen B. Frenzel and D. Bereuter.

The session of the Council was presided over by Soviet co-chairman V.N. Sushkov and American co-chairman C.W. Verity (Chairman of the Armco Steel Executive Committee). The session proceeded in a businesslike atmosphere, discussions were frank and constructive.

Participants in the session highly appraised the Soviet Union's principled and consistent position set out in the speech of Chairman of the Council of Ministers N.A. Tikhonov at the dinner in the Kremlin, and also in the statements of the leaders of Soviet ministries and departments. The resolution adopted by the Council recorded the positive significance of equal and mutually advantageous trade for stabilizing relations between the USSR and the USA; opinion is expressed that despite the difficulties in relations between the two countries and certain restrictions, possibilities do exist for increasing mutual trade. The desire of the parties to search for ways of developing trade in the fields of mutual interest, where favourable conditions exist for carrying out the agreements reached was also recorded there. The two parties supported the idea of organizing in Moscow in 1983 an American exhibition with its emphasis placed on machines, equipment, goods and technologies needed for the agro-industrial complex. The decisions adopted by the Council's committees on small business transactions, tourism and financing, and by its legal committee were also constructive and had a practical orientation.

The session of the US-USSR Trade and Economic Council has heightened the interest of business circles in both countries for wider mutually advantageous contacts and encouraged the search for specific areas of mutual trade. Members of the American delegation registered their approval of the arrangements made for the session, as well as for the courtesy expressed to them by the Soviet side.

The next session of the Council is contemplated to be held in New York in 1983.

\* \* \*

Below we publish a summary of the speech delivered by N.A. Tikhonov, Chairman of the USSR Council of Ministers, at the dinner in the Kremlin on November 18, 1982, and also the statement made by N.S. Patolich, Minister of Foreign Trade of the USSR, at the seventh session of the US-USSR Trade and Economic Council.

N.A. Tikhonov on behalf of the Soviet leadership cordially welcomed all participants in the session of the US-USSR Trade and Economic Council.

The recently deceased Leonid Ilyich Brezhnev, an outstanding leader of our Party and the Soviet state, he said, was preparing for this meeting. As you are well aware, he devoted much attention to Soviet-American relations, to the development of our mutual business relations; he knew many of you personally.

We tender our thanks to those who paid homage to the memory of our late leader.

We are meeting at the time when Soviet-American relations are not at their best. Their climate has cooled down considerably. But it is not our fault.

The official stand adopted by the USA in relation to the Soviet Union is, naturally, affecting trade between our countries. All sorts of discriminatory measures, attempts to use various "sanctions" against our country, embargoes and the like, of course, excite no good feelings, undermine the confidence of Soviet foreign trade organizations in the American market. In such conditions it is difficult to expect any substantial growth of trade in whatever the type of goods. I tell you this quite frankly, for I want things to be made quite clear.

The position of the Soviet Union regarding international trade is well known. It has not changed. We favour the development of trade and economic ties with all countries, the United States included. But this is only possible on the basis of equality and mutual advantage. There can be no other basis.

It would be naive to think that economic ties between our countries can be used to the unilateral benefit of only one of them. This never happens, and you, of course, as businessmen clearly understand this point. This is equally true for both the USA and the Soviet Union.

When one person or country trades with another on an equal basis there is generally some mutual reason. And as far as Soviet-American relations are concerned the reason here to no lesser extent is also a political one because normal trade strengthens the foundations for peaceful, goodneighbourly relations which are of paramount importance for the international situation as a whole.

I would say: business cooperation is not a matter of feelings or emotions, it is a question of sober reasoning and mutual responsibility. If we agree that today there is no reasonable alternative to peaceful coexistence then we must admit that its durability in large measure depends on economic cooperation.

As for the further prospects of our external economic ties, we are now working on plans for the economic and social development of our country in the twelfth five-year period, i.e., for 1986-1990. This also provides a reliable basis for the expansion of our trade with firms in those countries which guarantee honest fulfilment of the obligations assumed.

Our Minister of Foreign Trade, N.S. Patolichev, told me that the Council's session was a successful one. I congratulate all its participants on this occasion. This evidently also goes to show that the Council unites people who have a far-sighted view of American-Soviet relations and do not lose hope that realism and common sense will again take the upper hand.

President Ronald Reagan of the United States has recently announced the desire of the USA to work for improved relations with the Soviet Union and broaden the areas in which our countries could cooperate with each other to their mutual advantage. I can say that this fully accords with the wishes and intentions of the Soviet Union.

The Soviet Union has favoured and favours normal and still better, friendly relations with the United States of America. Such relations existed in the past and may again be a reality. This would answer the interests of our countries and the interests of universal peace. I am sure this is exactly what our peoples want; they want lasting peace and mutually advantageous cooperation.

### **N.S. Patolichev's Speech at the Seventh Meeting of the US-USSR Trade and Economic Council**

It gives me pleasure to welcome the participants to this session of the US-USSR Trade and Economic Council in Moscow. We appreciate the fact that despite the complicated relations between our countries today, you have journeyed to Moscow to discuss the position and prospects of our mutual trade.

Although the Council has not met over the past four years, I have repeatedly seen many of those present here. Now I see some representatives of the business world whom, unfortunately, I have rarely met or not at all in recent years.

For instance, I meet Mr. A. Hammer very often. In 1973 we signed an agreement on cooperation in building a complex to manufacture fertilizers and on mutual shipments of chemical goods for a 20-year period. This agreement is being successfully carried out. In the process of its implementation many questions quite naturally arise, sometimes mutual claims, which is why we hold frequent meetings to strengthen our contacts and cooperation.

We also have regular meetings with Mr. Donald M. Kendall. We are likewise successfully cooperating on the basis of a long-term agreement, and during our meetings we discuss the course of its execution, as well as questions concerning the possible expansion of our ties.

We often meet leading personnel from Dresser Industries, FMC Corporation, Chilewich Corporation, Cargill Inc. and other firms. This goes to show that the mutual desire to cooperate, and it directly depends on objective conditions and the business interest of the partners, is a good basis for meetings and contacts. While on this point I want to say right away that we would like to meet a greater number of American businessmen on this basis.

Four years have passed since the last session of the Council in 1978. In terms of history this is a short period, but life does not stand still. Over these years a series of important events have taken place both in our countries and throughout the world.

The Soviet Union has made substantial progress in all directions of its economic development. Over the years of the 10th five-year plan, which ended in 1980, the country's national income increased by 571,000 million dollars, i.e., by 24 per cent; industrial output rose by 1,024,000 million dollars, i.e., by 33 per cent.

In the 11th five-year-plan period (1981-1985) our national income is to increase by 18-20 per cent, and industrial output by 26-28 per cent.

We attach exceptional importance to the Food Programme adopted by the May 1982 Plenum of the CPSU Central Committee; its purpose is to reliably supply our population with all the necessary foodstuffs within the shortest period possible.

I would like to say a few words about the development of Soviet foreign trade over this period. Its volume has markedly increased. In 1979 it made up 114,000 million dollars, in 1981 it amounted to 157,000 million dollars, a 37 per cent increase. In the 11th five-year plan period the total volume of Soviet foreign trade is to increase by 22.5 per cent.

The socialist countries account for more than half of our trade turnover; they hold a leading place in our country's external economic ties. Our agreements with the CMEA member-states on mutual shipments have been signed for the 1981-1985 period; under these arrangements our mutual trade in 1983 is to top 86,000 million dollars.

Our cooperation with the West European countries also rests on a long-term basis. In September and October last there were sessions of the Soviet-British and the Soviet-West German Commissions on Economic, Scientific and Technical Cooperation. In December 1982 the Soviet-Finnish and in January 1983 the Soviet-French Commissions will meet. As you, perhaps, know, our trade with these countries is quite successful: Soviet-West German trade in 1981 exceeded 8,500 million dollars, our trade with Finland amounted to over 7,100 million dollars, trade between the USSR and France topped 5,900 million dollars. We plan to continue equal mutually beneficial economic cooperation with the Western countries.

Now I would like to pass on to Soviet-American trade.

Over the past four years Soviet-American relations have greatly changed for the worse. This deterioration has also affected trade and economic relations which have suffered from the restrictions placed on trade with the USSR imposed in the USA. Moreover, attempts are now being made to hinder the Soviet Union's mutually advantageous cooperation with other Western countries. A paradoxical situation has arisen: from a means of mutual advantage Soviet-American trade is

being deliberately turned into a means damaging business partners.

We have always believed that trade is an important factor helping establish and maintain peaceful relations between states. I was pleased to hear that US State Secretary of Commerce George Shultz with whom in 1973 we signed the Protocol on the establishment of the Council, in his message of greetings to the participants in the session of its Executive Committee in New York called trade a "bridge to peace"; so he shares our position on this question. True, we have read reports in the press about other statements of Mr. Shultz with which, to put it mildly, we cannot agree and we frankly wrote about this in our press.

Today some people assert that with the aid of its purchases of so-called "highly technological" goods in the USA the Soviet Union is building up its military potential and thus turns trade from an instrument of peace into an instrument of war. I think there is hardly any sober-minded person familiar, even if in general outline, with the economy, history and peaceful policy of the Soviet Union, who can believe this; and statistics, too, eloquently disprove these inventions.

Yes, we annually purchase plant and machinery in all countries to the amount of 20,000-23,000 million dollars. In 1981, for instance, we purchased 22,700 million dollars' worth of machines and equipment, 16,400 million dollars' worth of it from the socialist countries and 6,300 million dollars' worth from the capitalist countries, of which the USA share was 300 million dollars.

Now again about the military potential. The Soviet Union itself is in a position to make nuclear missiles, military and civilian aircraft, naval and merchant vessels, space equipment and so on. There is a ban on the sale of equipment for oil and gas extraction to us, but the Soviet Union already produces over 600 million tons of oil, over 460,000 million cu.m. of gas and over 700 million tons of coal annually; in 1940 the country produced 48,600 million kWh of electricity, while in 1981 this figure rose to 1,326,000 million kWh.

Indeed, we purchase abroad only those machines and types of equipment which meet our latest requirements, and this is a legitimate right of any purchaser. This is a regularity arising out of the international division of labour.

Raw materials loom large in Soviet-American trade today. I think Mr. A. Hammer will tell the participants in this session how things stand with our compensation deal with Occidental Petroleum, the largest in the history of Soviet-American trade, and Mr. D. Kendall, I believe, can say quite a few words about trade with Soviet organizations in "highly technological", from a military point of view, goods like Pepsi-Cola and vodka.

Certainly, Pepsi-Cola is a refreshing drink, and somebody may take into his head that it boosts the fighting spirit of Soviet people who drink it and thus in this way helps build up the war potential of the USSR. But vodka, too, if taken in reasonable proportions, of course, also braces one up; so in this particular case, as politicians say, a "strategical balance" is achieved. Here, however, we are ready to upset this balance in your favour, by shipping your country a little more of this product.

Now a few words about trade in grain, one of the major items of our trade with the USA. Because of bad weather with resulting poor harvests we have had to buy grain in appreciable quantities. In 1972 our grain purchases in the USA accounted for 46.6 per cent of our import-oriented requirements, in 1973 — 63.9 per cent, and in 1979 — 71.2 per cent. But early in 1980, as you know, the USA imposed the so-called partial embargo on grain shipments to the USSR, as a result of which many of the contracts already signed were annulled. We naturally made the conclusion that we cannot rely on the USA as a dependable trading partner and began to buy more grain from other countries, including grain purchased on the basis of long-term agreements. As a result, the proportion of our grain purchases in the USA in 1981 dropped greatly — down to 22.6 per cent.

Naturally, to permit or to prohibit the export of one or another commodity is in the final count the business of your government. If, however, this right is abused this cannot but cool relations between business partners. Of course, we have to draw appropriate conclusions from the facts when contracts are unilaterally terminated without any legal or other weighty reasons whatsoever. We are accustomed to do business honestly and strictly observe the assumed commitments, and we want the same from our partner. Our people

say: "A promise is a promise". Probably there is a similar saying among the Americans.

And now I would like to deal in brief with the possible prospects of Soviet-American trade.

Soviet foreign trade organizations and American firms in principle have ample opportunities for mutually advantageous cooperation in such areas as the petrochemical and chemical industries, metallurgy and the light industry. US companies would find enough room for their activity in industries working for the fulfilment of the Food Programme which has recently been adopted in our country, namely, the food industry, farm machinery engineering, equipment for processing and storing agricultural products, and so on.

Our course being steered towards the development of mutually beneficial cooperation with all countries, the United States included, remains unchanged. Such cooperation, however, should naturally rest on principles of equality and mutual advantage, and the absence of discrimination. In short, we will trade with those who are willing to do so on the basis of reciprocity; our door is always open for such trade. At the same time, for mutual trade to develop we must be fully confident that the obligations assumed by our American partners will not be cancelled. Without such confidence, you must admit, no serious businessman will agree to sign a transaction.

What is needed to remedy this situation which has arisen in Soviet-American trade?

First and foremost, it is necessary to give up once and for ever the erroneous doctrine of trade as a means of applying pressure on our country. As L.I. Brezhnev emphasized at the CC CPSU Plenum in May 1982, we have never put up nor are we going to put up with such a situation.

At the end of this year the Soviet Union will celebrate its 60th anniversary; I am not going to dwell on its enormous achievements — they are well known to the whole world. But each one of you, I am sure, can easily imagine the path of development traversed by the multinational Soviet Union, a free union of equal nations and ethnic groups in a single state.

While building a new society our people had to face considerable difficulties in establishing trade and economic ties with other countries. It is naive to believe



that bans on trade can put the USSR in a hopeless situation. Being in possession of a powerful scientific and technical potential, the USSR can set up any type of production on its own.

I want to emphasize this: whoever sees in the foreign trade of the USSR only the one-sided interest is looking at it superficially and seriously errs. He who wants to influence the Soviet Union's "behaviour" with the aid of trade is not a far-seeing politician, and still less a businessman.

The present meeting between Soviet and American businessmen should act as a kind of stimulus in improving the situation now existing in trade between our two countries. And such an improvement is desirable since, as I have already said, we regard trade as an important element in relations between states, which is conducive to their rapprochement and, hence, to the preservation of peace. And can there be anything more important than peace in these disturbed times?

I welcome you, participants in the present meeting of the US-USSR Trade and Economic Council, once again and wish you every success in your work.

I want to express my special thanks to Mr. Verity, co-chairman of the Council, for the extensive work he has done for our meeting to take place once again after such a long interval.

Our side has also done a great deal of work to prepare this meeting: at your sittings top officials of the State Planning Committee, the Ministry for Foreign Affairs, the State Committee for Science and Technology and other Soviet officials will speak on questions directly concerning the state and prospects of Soviet-American relations.

We have established the tradition: during the Council's sessions in Moscow to have high-level meetings. This good tradition still continues.

I would like to believe that this session will only be the beginning of our joint efforts to preserve and develop all that was positive in our previous work, a step forward along the path of improving our trade and economic relations and ending the deadlock in which they now find themselves. Experience gives us the ground to hope that the existing situation in Soviet-American trade and economic relations is of a tempo-

rary nature and that in the long run the need for normal business cooperation between the USSR and the USA will remove the artificial obstacles which have been raised in its way.

In conclusion I would like to say that the USSR wants normal relations with the USA. As far as the interests of the peoples of our two countries and of mankind as a whole are concerned, there is simply no other path to follow.

COPYRIGHT: "Vneshnyaya trgovlya" 1983  
English translation "Foreign Trade", 1983

CSO: 1812/148

## TRADE WITH INDUSTRIALIZED COUNTRIES

### SOVIET AID IN REBUILDING SYRIAN PORT OF LATAKIA

Moscow PRAVDA in Russian 18 Apr 83 p 6

/Article by R. Moseyev, PRAVDA correspondent, Latakia, Damascus:  
"Virgin Soil of Ancient Latakia"/

/Text/ The broad main street with its new houses in Tartus, the center of a new cement industry in Syria, was left behind. In an hour and a half the automobile crosses the border of the governorship of Latakia. The highway, which heads north, loops along the edge of the seacoast, repeating its endless, steep curves. Along the edges of the road stretch rows of spreading acacia and eucalyptus trees. On the right through the luxurious crown of the trees one can see the plots of the farmers' fields which are interspersed with olive groves and fruit orchards.

Latakia is located on the northwestern edge of the country; its coastal region, which is protected from the desert by a compact ridge of high hills, is considered to be one of the greenest locations. The local fellahs, in harvesting their rich crops, raise citrus, figs, grapes and many kinds of vegetables which cannot be grown in the central regions with their hot, dry climate. The world-famous Latakia tobacco, an important Syrian export, is grown here.

However, the green belt of Latakia is only a small spot on a map of Syria. This was pointed out by a representative of the Syrian Arab Republic Ministry of Information, Ali Ashqar, who was accompanying me. The fertile, rich lands here are uninhabited because they suffer from a critical shortage of water.

To solve this eternal problem it was decided to build a hydroelectric power station on the Northern Kabir River with the assistance of the Soviet Union. This facility will be the second largest in the country after the Euphrates River hydroelectric power station.

"The Greater Kabir is a very unique river," reports Nikolay Nikolayevich Yudakhin, the chief of a group of Soviet specialists who are working here. "While in the summer it almost dries up and one can easily cross it, during the winter rains and when the snow begins to melt in

the mountains it becomes a torrent and can at times create a great deal of problems for the nearby villages. The 52-meter dam which is now being built must tame the river and hold the precious water so that later throughout the year it can portion it out to meet the needs of agriculture.

Our Syrian friends attach great importance to this construction project and the work is proceeding well, although there is still quite a bit to do. After all, we are speaking about the creation of an enormous reservoir with a capacity of 200 million cubic meters; this reservoir will provide water to irrigate 14,000 hectares of land and provide Latakia with a reliable supply of water.

Latakia's needs are great. It is a rapidly growing administrative and economic center as well as a cultural center. The population of the city has already exceeded 200,000. By Syrian standards, there are several large enterprises here, including an electrical equipment plant, a large tobacco factory, and a modern textile plant. However, the main attraction of the developing Latakia is its own unique "visiting card" - it is primarily a sea port, through which Syria conducts its essential trade and economic ties with other countries.

The ancient Phoenicians, who at one time inhabited the Eastern Mediterranean, evaluated this value of the region, which is situated at an advantageous intersection of sea and land routes. Evidence of this was the discovery some ten kilometers from Latakia of the remnants of the once powerful city state of Ugarit, whose history goes back several thousands of years. Its residents invented, as historians assert, the world's oldest alphabet. However, they were also noted for being fearless seafarers and skilled ship builders.

The Latakia of today is picturesquely spread out on a hilly, sandy peninsula, extending far out into the sea. On three sides it is surrounded by water. It seems that no matter what street you take you always come to the sea shore.

The life of the residents of Latakia, who have for centuries built ships and engaged in trade and fishing, is connected with the sea. It sustains them. Thus did Sulayman Azhari, the chairman of the department of foreign relations for the port, begin his story. Our talk took place in his spacious office, the windows of which looked out upon bay that was lit by the bright spring sun. From the sixth floor of his office the bay was clearly visible. The gigantic portal cranes, which were built along the moorings, were working tirelessly. A tugboat hurried along on its work while breaking the smoothness of the water. It had just towed a cargo ship into the open sea; having given its farewell signal, the ship slowly disappeared into the distance.

Azhari says that the port of Latakia came into being only recently, during the years of independence. It was actually completed in 1956.

The port is equipped with modern equipment and has skilled personnel; it can receive large cargo and passenger ships. In 1982 its cargo turnover was more than 2.5 million tons. This is quite a bit if one considers that business in the region was down last year as the result of those treacherous actions which Tel-Aviv unleashed in the summer at the height of the navigation season. This followed Tel-Aviv's bloody aggression against Syria's neighbor Lebanon.

Soviet sailors are frequent visitors in Latakia. The solid mutually advantageous trade ties between our countries continue to develop from year to year. The Soviet Union supplies Syria with vehicles, equipment and construction materials. In turn the Syrian Arab Republic exports cotton, textiles and knitted goods to the USSR.

The Soviet Union is helping to modernize the port of Latakia, comments Azhari.

The plan for the expansion of the port of Latakia, according to engineer Aleksandr Nikolayevich Solov'yev, was developed by Moscow designers. The plan calls for an increase in cargo turnover of up to seven million tons per year. Some 22 moorings are to be built, which will be able to service large-tonnage ocean-going vessels. The protected pier has been significantly lengthened and the water area has been deepened. It has been necessary to work in difficult conditions. In this region of the Mediterranean Sea, as sailors say, there is a "big wave" and very soft soil; and the seismic situation is very unreliable. But, in spite of the difficulties, we expect to complete all work in accordance with the schedule. There is complete understanding and comradely relations between the Soviets and the Syrians.

Nearly all of those with whom I spoke said that they wanted to strengthen and further develop relations with the Soviet Union. The state minister of the Syrian Arab Republic Ministry of State for Foreign Affairs, Faruq al Shar', reported, in particular, that Syria attaches top priority to this matter. He told me that the Soviet Union has more than once demonstrated in action its desire for true peace in the Middle East, while supporting the just cause of the Arabs. The friendship between the USSR and Syria is especially important at this time when clouds are once again gathering in the Middle East and when the Israeli militarists, encouraged by patrons across the sea, are rattling their sabers and thinking about plans for new aggressive excursions.

8927

CSO: 1825/36

## TRADE WITH INDUSTRIALIZED COUNTRIES

### FRENCH-SOVIET COMMERCIAL RELATIONS

Moscow EKONOMICHESKAYA GAZETA in Russian No 10, Mar 83 p 19

[Article by A. Karpenko: "USSR-France: Cooperation on Mutual Interests"]

[Text] On 21 February, Yu. V. Andropov, the general secretary of the CPSU Central Committee and member of the USSR Supreme Soviet Presidium, received C. Cheysson the French minister of external relations, in the Kremlin. An exchange of opinions took place on questions concerning bilateral Soviet-French relations and on a number of urgent international problems. The conviction was expressed on both sides that good opportunities exist for further developing fruitful and mutually beneficial cooperation between the USSR and France in different areas.

During discussions between A. Gromyko, member of the CPSU Central Committee Politburo and USSR minister of foreign affairs, and C. Cheysson, France's minister of external relations, satisfaction with the development of trade and economic ties between the USSR and France and with the cooperation in carrying out a number of large scale projects was in general expressed.

The rapid growth in trade between both countries during the course of the entire last decade was a general expression of the dynamism in Soviet-French commercial relations. It reached 4.19 billion rubles in 1981 as opposed to 0.48 billion in 1971. The years of relaxing international tensions have brought tangible material benefits to many countries of the world, including the Soviet Union and France. Both sides have significantly increased their capabilities to fully satisfy the requirements for this or that item by expanding and extending mutual deliveries on a long-term basis. The cooperation between the USSR and France in agricultural production has been expanded during the past months. The conducting in Moscow during October 1982 of the French special exhibition "Equipment and Technology for Agriculture and the Food and Meat and Dairy Industry", in which more than 300 French firms participated, contributed to this.

During the French minister's visit to Moscow, A. Gromyko and C. Cheysson signed a program between the USSR and France for extending cooperation in the field of science and technology for the years 1983-1993. Soviet specialists have given it a high rating. The French minister pointed out that it itself expresses remarkable progress in its field.

During the negotiations, the Soviet side pointed out that the results of trade exchanges could be more significant if several restrictions, which have been applied by France, were removed.

The mutual desire of the Soviet and French sides to develop mutually beneficial cooperation further has also found convincing confirmation during recent months in the refusal of France to go along with Washington's "sanctions" against East-West cooperation in constructing the trans-European gas pipeline and the new Soviet orders for French firms -- the producers of agricultural equipment, and other examples. Among them, for example, are contracts with the French firms "Technip", "Creusot-Loire" and "RT" and others for the construction of a gas condensate complex near Astrakhan; the contracts of the All-Union Foreign Trade "Avtoeksport" Association with the French joint-stock company "Jacques Poch" concerning the delivery of 22,000 Soviet Lada automobiles to France in 1983; the All-Union Foreign Trade "Avtopromimport" Association and the French firms "S'yaki", "Valeo" and "Solex" have provided through their contracts for the delivery of chassis assembly and welding lines and of equipment for the production of welded aluminum radiators and for the production of carburetors in the automobile plant in the city of Tolyatti from France to the Soviet Union.

Speaking at a press conference for Soviet and foreign journalists in Moscow, K. Cheysson pointed out the exceptional richness of the substance of the meetings that were held in Moscow. The minister said that the positions of France and the USSR coincide on many matters, that they are close on others, and that they remain different on a number of questions. However, both sides expressed the desire to discuss all problems.

The Soviet-French discussions, which were held in Moscow, have on the whole created more auspicious conditions for further developing cooperation between the USSR and France in their mutual interests.

8802

CSO: 1825/35

## TRADE WITH INDUSTRIALIZED COUNTRIES

### AUSTRIAN, FRG, SWISS OFFICIALS ON EAST-WEST TRADE

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 1 Apr 83 p 3

[Article by O. Nikiforov: "Trade Must Be Expanded"]

[Text] For the 16th time the small resort city of Bad Ischl, close to Salzburg, has received guests from 11 countries of our continent. They arrived in Austria to participate in an international seminar concerning problems connected with the expansion of trade between the East and West.

Among the seminar participants were representatives of firms, chambers of commerce and industry and foreign trade and international organizations; diplomats; journalists; and scientists. About 20 reports on different aspects of international trade and economic relations were heard. Questions concerning the strengthening of commercial ties between the capitalist and socialist countries and the search for new ways to expand trade and industrial cooperation were at the center of the discussions.

Upon the completion of the seminar, our correspondent addressed a request to a number of its participants to share their views on the prospects for the expansion of trade between the East and the West.

F. Drashchik, Austrian trade representative to the USSR:

The Soviet Union is a reliable trading partner of Austria. This is reflected in the steady growth in trade. The USSR occupies solid positions in the world's economy. They are based on very large reserves of raw materials and energy resources, the presence of large industrial capabilities which were created during the last 30 years, and on the growth in the role of the Soviet Union as a supplier of raw materials and energy to the countries of CEMA, Western Europe and East Asia. Based on this, all attempts to exert any pressure on the Soviet Union which we have recently observed as, for example, the embargo on the delivery of equipment for the Siberian-Western European gas pipeline, have been like "whipping the water". The Soviet Union emerged honorably from the situation which had been created, having mastered the production of the required equipment in a short time. Austria is the principle opponent of this type of restriction and intends to continue to expand its traditional ties with the USSR. We expect that our firms will participate in fulfilling the Soviet Food Program, developing new gas and



oil deposits and constructing mainline gas and oil pipelines, and they will continue to cooperate in such traditional areas as machine-building, chemistry, the processing of secondary raw materials, and light industry.

K. Kh. Fink, manager of the "Eastern Committee of West German Industry":

I can only go along with the words of Mr. Drashchik. In our opinion, an embargo is an inappropriate method in inter-state relations, and we decisively reject it. Such measures impede commercial circles, and lead to a loss of confidence in them and in their partners. In the long range, FRG industry regards the development of trade and economic relations with the USSR optimistically and confidently. Our greatest interest is the opportunity to participate in the development of the raw material and industrial potential of Siberia and the Far East. The experience, which we have had up to now in long-range cooperation with our Soviet partners, has fully justified itself. In the opinion of the "Eastern Committee", the more active involvement of small and medium size firms in the scientific and technical cooperation and joint projects in third countries pertain to future forms of cooperation under present conditions.

G. Egg, department director in the Swedish firm "Muller Martini AG":

I have come to this seminar 16 times. Not only the reports but also the contacts with my colleagues are personally important to me. This, perhaps, is even the most important thing in such seminars. Our firm is a traditional partner of the CEMA countries. We manufacture various printing equipment. In particular, our firm's machines are operating in the "Pravda" Publishing House. We, of course, do not regard "Eastern trade" as "a one-way street" and, in turn, purchase Soviet equipment for our firm's plants.

Under present conditions, U. S. policy is inflicting a great deal of harm on trade relations between the East and the West. It forces one to refuse American technology and to perform one's own work, especially in the area of microelectronics, so as not to be dependent regarding deliveries to the socialist countries on moods in the White House.

8802

CSO: 1825/ 35

## TRADE WITH INDUSTRIALIZED COUNTRIES

### INTERVIEW WITH BOARD CHAIRMAN OF DEUTSCHE BANK AG

Moscow SOTSIALISTCHESKAYA INDUSTRIYA in Russian 30 Mar 83 p 3

[Interview with Dr. Friedrich-Wilhelm Kristians, board chairman of the Deutsche Bank AG by V. Markov; date and place not given]

[Text] [Question] Dr. Friedrich Wilhelm Kristians, board chairman of the Deutsche Bank AG, was recently in Moscow.

Here is what he said concerning the prospects for trade and economic cooperation between the USSR and the FRG in a conversation with our correspondent.

[Answer] The Deutsche Bank AG is contributing through all its activity to the export of our country's industrial production. The first contracts for financing export deliveries to the Soviet Union were signed by us at the beginning of the Twenties. The first large-scale contract for deliveries of Soviet gas to the countries of Western Europe in exchange for large diameter pipe and other equipment for the construction of a gas pipeline was signed in 1969. Another whole series of large joint projects followed after this transaction. And, finally, an agreement on financing the well-known "gas-pipe" transaction, which is the largest contract in the entire history of the development of foreign economic relations with the Soviet Union, was signed in Leningrad in July of last year.

One of the tasks of the Deutsche Bank AG delegation in Moscow is the assisting of the ever larger number of medium-size and small firms in establishing and developing commercial contacts with the USSR. More than half of the industrial output produced in the federal republic falls on these firms. I think that their participation in the cooperation with Soviet organizations and enterprises in areas, touching upon the development of the agro-industrial complex and the fulfillment of the USSR Food Program, could be broader.

Regarding new joint large-scale projects, one should mention the possible participation of Federal Republic firms in the industrial processing of coal in the Kansk-Achinsk fuel and energy complex and also the new favorable opportunities which are being opened up in connection with the coming completion of the construction of the Baykal-Amur Trunkline.

[Question] What changes in the trade and economic relations between the USSR and the FRG, which have taken place during the last 10 years, seem most important to you?

[Answer] First of all, mutual understanding has been improved and mutual confidence has been strengthened. We now know each other much better and, therefore, are in a position to solve considerably more rapidly the problems which arise during collaboration. We exchange opinions frankly and discuss possible new cooperation projects. The level of mutual relations, which has been achieved by common efforts, is a good basis for their further improvement.

[Question] According to the data of scholars, approximately 650 billion dollars are being spent annually on the manufacturing of arms. In your opinion, what should these colossal resources be spent on in the first place?

[Answer] Everywhere in the world people want financial resources to be used for constructive and humane purposes. We are talking about the development of the civilian sector of industry and the solution of the vital social and economic problems of mankind, especially in the developing countries. The best way to achieve these goals is the painstaking and patient work of all countries to strengthen mutual understanding and trust and to lessen the tensions in international relations.

[Question] The government has been changed in the FRG. In addition, Soviet-West German trade, economic, scientific, and technical cooperation received great scope during the Seventies under the former social-liberal coalition in Bonn. How do you see the further development of commercial relations between both countries?

[Answer] Indeed, the trade and economic relations between the Federal Republic and the Soviet Union during the mentioned period developed well. In my opinion, there does not now exist any reason for the government of Helmut Kohl to change this fundamental policy. I am confident that it will continue the efforts in this direction and that they will lead to results which are satisfactory for both sides.

8802

CSO: 1825/35

# BREADTH OF SOVIET-AFGHAN TRADE LINKS REVIEWED

## Overview of Soviet-Afghan Agreements

Moscow NEW TIMES in English No 16, Apr 83 pp 26-27

[Article by G. Vekshin]

[Text]

Following the victory of the national democratic revolution in Afghanistan in April 1978, the Soviet Union's long-standing relations with that country assumed a qualitatively new character. These relations have been consolidated by the Treaty of Friendship, Good-Neighbourship and Co-operation, concluded in Moscow in December 1978.

The treaty provides for an expansion of co-operation in industry, transport, communications, agricul-

ture, the development of natural resources and power generation, and other branches of the economy.

The mutual commitments arising from the Soviet-Afghan agreements are being successfully carried out. In the past five years trade between the two countries has risen more than 3.5 times. Today the Soviet Union is the biggest trade partner of Afghanistan. Here are some figures showing the growth of Soviet-Afghan trade (in million rubles):

	1977	1978	1979	1980	1981	1982
Exports from the Soviet Union	114	139	184	248	339	412
Imports into the Soviet Union	76	76	140	257	317	279
Total	190	215	324	505	656	691

Machines and other equipment for industry and transport comprise nearly half of Soviet exports to Afghanistan. They include equipment for geological prospecting and the chemical industry, roadbuilding machines, motorcars of different types, buses, tractors and other agricultural machines. Oil products,

rolled ferrous metals and chemical products occupy an important place in Soviet exports to Afghanistan. The Soviet Union also supplies Afghanistan with wheat, sugar, fats, textiles, footwear, cultural and household goods.

Afghanistan fully meets its oil needs through imports from the

Soviet Union. Since Afghanistan has no railways and motor vehicles are the principal type of transport, oil products are indispensable to it. A state-run motor pool, consisting mainly of Soviet lorries, has been set up there.

Natural gas and carbamide play an ever greater part in Afghan exports to the Soviet Union, which also buys cotton, wool, raw hides, citrus fruit, canned olives, nuts and raisins from its southern neighbour. Soviet purchases of Afghan dried fruit, the export of which now meets obstacles in the West, have increased.

Trade between our countries is carried out under five-year agreements. This makes for its planned and stable character. The agreement concluded for 1981-85 envisages a roughly threefold growth of trade compared with the previous five-year period.

About 170 industrial and other units are to be built in Afghanistan within the framework of our economic co-operation. Eighty of these are already successfully operating. Among them are the 100,000 kw Naghlu hydropower station, a nitrogen fertilizer plant at Mazari-Sharif with an annual capacity of over 100,000 tons of carbamide, an automobile repair works, a prefabricated housing factory and a mechanical bakery in Kabul, gas fields in the Shibarghan area, a gas pipeline from the Shibarghan area to the Soviet border, an irrigation system in the Jalalabad area, several state farms, an oil storage at Hairaton port on the Amu Darya, the Lotus satellite communication station, and motor roads.

The well-equipped prefabricated housing factory has become a reliable basis of modern housing and civil construction in Kabul. When the modernization and expansion of this enterprise is completed, it will put

up blocks of flats with an improved layout.

In May 1982 traffic was opened on the motor-road bridge across the Amu Darya. It links the Hairaton port on the Afghan bank with the Soviet bank. Afghan leader Babrak Karmal called this bridge a symbol of Afghan-Soviet friendship and brotherhood.

Soviet geologists have made and continue to make a big contribution to the economic development of Afghanistan. With their assistance reserves of natural gas, oil, iron ore, copper, polymetallic and non-metallic minerals have been discovered in the north of the country. As a result, gas fields and a fertilizer plant have been built. These enterprises meet the domestic needs and enable Afghanistan to export part of their products.

Despite the complicated internal situation, created by the enemies of the Afghan revolution, economic and technical co-operation with the Soviet Union continues. The Soviet Union helps Afghanistan to build service stations for heavy lorries and petrol tankers in Kabul and Hairaton, and along the road between these cities, in Pul-i-Khumri and Mazari-Sharif; a grain elevator, a flour mill and mechanical bakery in Mazari-Sharif; an oil-product storage and distribution centre in Logar Province, and a hospital in Kabul.

The training of Afghan technical personnel holds a major place in co-operation between our countries. Over 70,000 skilled workers have been trained over the past 20 years. A polytechnical college and an automotive school in Kabul and an oil and mining school in Mazari-Sharif have been built and turned over to Afghanistan as a gift from the Soviet people. More than 2,700 young Afghans have already completed these schools, which have Soviet teachers on their staffs. Besides, young Afghans are studying in Soviet colleges and vocational schools, and Afghan engineers and technicians are undergoing training or advanced training in the U.S.S.R.

Extensive ties between the Soviet Union and Afghanistan have also been established in the field of

culture, science, education, medical care and sport. In short, the Soviet Union gives Afghanistan all-round effective assistance in its economic and cultural development and in the struggle against imperialist interference in its affairs.

#### Specific Projects

Moscow FOREIGN TRADE in English No 4, Apr 83 pp 25-28

[Article by Namik Yakubov, head of the Department for Economic Cooperation with the Middle East Countries of the USSR State Committee for Foreign Economic Relations]

[Text]

A national-democratic revolution which occurred in Afghanistan on April 27, 1978, opened the road to social progress, national reorganization and the strengthening of sovereignty and independence for the people of this country.

The victory of the April Revolution created the necessary prerequisites for tackling the country's socio-economic problems in the interests of the working people. In the five years since the Revolution the Afghan people have made more progress than in many previous decades. The country is eliminating illiteracy and undertaking measures that will consolidate and develop the state sector in the country's economy. Hundreds of thousands of peasants for the first time were given the opportunity to cultivate their own land. Water, without which agricultural production is impossible in the country, became national property.

As is well known, the Soviet state since the first days of its formation has had good-neighbourly relations with Afghanistan. It is safe to say that the Soviet-Afghan relations, the foundation of which was laid by Lenin, always developed in the spirit of friendship and cooperation.

The Soviet Government was the first to recognize Afghanistan's independence and sovereignty in March 27, 1919, and expressed readiness to expand all-round ties with its southern neighbour.

The instructions given by G.V. Chicherin, the People's Commissar for Foreign Affairs, to the RSFSR plenipotentiary in Kabul, dated June 3, 1921, and drawn up under Lenin's guidance, stated: "Friendship presumes mutual assistance and according to our desire to do our utmost to promote development and thriving of the friendly Afghan state, we are ready to render it all possible assistance in this peaceful pursuit."<sup>1</sup>

<sup>1</sup> *Soviet-Afghan Relations. 1919-1969. Documents and Materials*, Moscow, Politizdat, 1971, p. 36 (in Russian).

Expansion of all-round trade and economic relations with the Soviet Union was of vital importance for Afghanistan. Relying on the Soviet Union's friendly and disinterested assistance, Afghanistan was able to withstand the imperialist states' economic pressure and attempts at neo-colonialist enslavement.

A characteristic feature of the Soviet-Afghan relations always was and is that they are progressing on an equal and mutually advantageous foundation, without interference in one another's internal affairs. These ties always promoted and promote fulfilment of the pressing tasks of the country's socio-economic development.

The entire history of the Soviet-Afghan economic relations is vivid confirmation of this.

Under the Soviet-Afghan Treaty on Friendship, dated February 28, 1921, the first historical international treaty of free and independent Afghanistan, the Soviet Government granted this country the right of unhindered and duty-free goods transit through the Soviet Union. At the same time Afghanistan was given financial and technical support in constructing the Kushka-Herat-Kandahar-Kabul telegraph communication system.

Still earlier, in August 1920, a radio station was delivered to Kabul which the Soviet Government gave Afghanistan as a token of the two countries' friendship. This radio station was delivered and installed in a short space of time by a special technical team from the young Soviet Russia.

The principles of equality and mutual respect for each other's rights, laid in the foundation of the 1921 Treaty, were and still are vividly manifested in Soviet-Afghan foreign economic relations.

In the years prior to World War II the Soviet Union rendered Afghanistan assistance in constructing ginneries, communication lines and other projects. Although not large at that time, this assistance primarily signified the two countries' good-neighbourly relations.

Soviet-Afghan economic and technical cooperation began to develop more rapidly in the post-war period, especially from the mid-1950s. Simultaneously with the growth of the Soviet Union's might its foreign economic ties expanded.

USSR economic assistance promotes the strengthening of the Afghan national economy and development of the country's productive forces.

In Afghanistan with USSR economic assistance have been constructed major industrial, power engineering, transportation, agricultural and other projects which are of key importance for the country's economy even today. Worthy of note is the fact that all the projects built with the Soviet Union's assistance are the Afghan people's property.

The Soviet Union greatly assists in creating and strengthening the Afghan national industry. The Mazar-i-Sharif nitrogen fertilizer factory (capacity 105 thousand tons of carbamide per year), the firstling of Afghanistan's chemical industry, constructed with Soviet assistance, is successfully operating. The factory's products provide agriculture with high-quality fertilizers. Its commissioning not only saved currency previously needed to buy fertilizers from abroad but also put it on the export list. Carbamide is now one of the country's most important export items.

Soviet-Afghan cooperation in constructing the Jangalak car repair factory in Kabul has in fact laid the foundation for developing a modern metal-working industry in Afghanistan. The equipment installed in the factory makes it possible to undertake the overhaul of up to 1,500 vehicles per year of various types, including road-building machinery, manufacture some kinds of agricultural implements and metal structures for building industrial enterprises and dwellings.

It is difficult to overestimate the importance of such projects of joint cooperation as two bakeries and a house-building complex in Kabul.

Soviet geologists' activity in Afghanistan has created good prospects for developing industry. In the almost thirty years of joint Soviet-Afghan prospecting considerable natural gas and oil-fields and deposits of a number of solid minerals have been discovered. Among them the Ainak large copper field is of special significance.

With the Soviet Union's assistance the Khwaga-Gogerdag and Jarkuduk gas-fields (capacity 4,000 million cu.m. of gas annually) were explored and put into exploitation in the country. At the gas-fields, complexes for collecting, purifying and drying natural gas and preparing it for shipment were constructed. The extracted gas is used as a raw material for manufacturing fertilizers at the Mazar-i-Sharif factory and is also exported.

The USSR plays an important role in developing Afghanistan's power engineering. With USSR technical assistance the Naghlu hydro-electric power station (capacity 100 MW), largest in the country, was constructed. It supplies the Afghan capital with electric power. With the two countries' cooperation the Pul-i-Khumri-II, the Darunta hydro-electric power stations and a thermal power station at a nitrogen fertilizer factory were built.

Afghanistan, as is well known, is an agrarian country where agriculture assures the major part of the national income. The Soviet Union greatly assists in advancing the country's agriculture.

In the Jalalabad region an irrigation complex with a channel (length about 70 km) was constructed making it



possible to irrigate more than 25 thousand hectares of virgin lands in the densely populated Nangarhar province—the country's only region where subtropical crops can be grown. On the irrigated lands of the complex the Hadda and Gaziabad state farms, specializing in growing citrus and olive trees, are sited. On the whole, this complex with an irrigation system, also constructed with USSR assistance, in the zone of the Sarde dam waters over 40 thousand hectares of new lands.

Over many years the Soviet Union renders Afghanistan assistance in pest control and the fight against animal diseases as well as in organizing its veterinary service.

When characterizing the Soviet-Afghan economic and technical cooperation one cannot help mentioning the tremendous role the Soviet Union's assistance played in developing Afghanistan's transportation system. Over sixty per cent of automobile roads with an asphalt-concrete covering were built with USSR participation.

Building an Alpine road through the Hindu Kush mountains which now connects the country's northern regions with the capital by the shortest route is a most striking example of cooperation in this field. This main road and an almost 3-kilometre tunnel at the altitude of more than 3 thousand metres above sea-level have become a symbol of the joint selfless labour of Soviet and Afghan builders. Another main road, the Kushka-Herat-Kandahar (length 675 km), is of great significance for developing economic ties between the country's north-west and southern regions.

The Kabul modern airport, the river ports in Hairatan on the river Amu Darya and in Shirkhan constructed with Soviet assistance are successfully operating.

After the April Revolution (1978) the Soviet Union was the first country to recognize the Democratic Republic of Afghanistan, which declared its resolute support for the Afghan people's efforts aimed at building a new life. Soviet-Afghan relations have acquired a qualitatively new content, become relations of fraternity and revolutionary solidarity which was implemented in the Treaty of Friendship, Good-Neighbourliness and Cooperation concluded in Moscow, December 5, 1978.

The Soviet Union and Afghanistan declared in this important document their readiness to strengthen and deepen their inviolable friendship and desire to expand the mutually beneficial economic, scientific and technical cooperation. After the victory of the April Revolution the USA and other imperialist countries stopped rendering assistance to the Democratic Republic of Afghanistan. Due to this the Soviet-Afghan economic and technical cooperation became of greater consequence for the country's socio-economic development.

In accord with the Treaty of 1978, several inter-state documents envisaging considerable growth in the volume of economic assistance to Democratic Republic of Afghanistan were signed. Suffice it to recall that out of 250 interstate documents on matters of economic and technical cooperation over one hundred were signed in the post-revolutionary period.

These documents envisage assistance in constructing almost 170 various projects, 80 of them are now operating enterprises.

In the period after the April Revolution more than ten large modern projects were completed among them: the Jar-Kuduk gas-field, a satellite-communication station, the first automobile-transport enterprise in Kabul, the Kabul and Mazar-i-Sharif bakeries as well as a road-and-railway bridge across the river Amu Darya and a transshipment base on the left bank of the river. The latter two projects are exclusive for developing economic relations between the two countries and are for assuring a stable transport link between the USSR and Afghanistan to cope with the further expansion of economic and trade ties, and also transit, freight and passenger shipments. In this connection it is worth mentioning the agreement on establishing USSR-Afghanistan direct railway communication and setting-up a Soviet-Afghan joint-stock company for controlling the bridge, the transshipment base and the Hairatan port, signed in October 1982.

After the April Revolution USSR-Afghanistan cooperation in agriculture and irrigation especially expanded and deepened. The Soviet Union renders friendly Afghanistan assistance in outfitting repair-restoring irrigation organizations in a number of Afghanistan's provinces. In 1982 these organizations completed one million cu.m. of land reclamation work which increased the water supply to another 100 thousand hectares of land. In September 1982 a new Agreement was signed under which Afghanistan will receive assistance in creating a soil-agrochemical service, a state seed-growing complex, in reconstructing an animal artificial insemination station in Kabul with branches in other districts and in training agricultural staff.

Of great importance for developing agriculture is an agreement for forming seven machine and tractor depots concluded in August 1979. At present five such depots are successfully operating in the Balkh, Jawzjan, Baghlan, Kabul and Herat provinces. In these provinces 250 tractors, 80 grain harvesters and about 1,600 units of other agricultural machinery and implements are based. They have taken over most of the labour-consuming agricultural operations: ploughing, cultivating, harrowing, field levelling, grain harvesting and transporting agricultural produce at the state

farms, agricultural production cooperatives and individual peasant farms. The machine and tractor depots have proved their worth and are gaining increasing popularity for work on state and cooperative farms and farms of private land-owners.

Under the agreements dated March 1, 1979, and December 24, 1980, the Soviet Union is helping Afghanistan to construct a number of important for the country's economy enterprises in the mining, textile and food industries, in power generation, transport, public health projects and the training of national specialists, etc.

Construction of an ore-dressing complex to be built at the large Ainak copper field to the south-east of Kabul discovered with Soviet geologists' assistance is worth mentioning.

These agreements place particular stress on strengthening the material and technical base of Afghan transport. Motor transport enterprises for servicing KamAZ vehicles delivered from the Soviet Union are under construction in Kabul and depots for freight transport maintenance along the Kairatan-Kabul motor road are being built.

The building of a new residential district in Kabul is another direction of the joint cooperation which is of great consequence for raising the Afghan people's living standard. Thanks to reconstruction of the Kabul house-building complex, with the participation of Soviet organizations, it became possible to build a new series of houses with improved interior schemes and an increased number of storeys. At present 88 dwelling houses containing 3,250 flats, more than sixty various public amenities (shops, canteens, schools, garages, etc.) have been built in Kabul's residential districts. An important fact is that capacities for manufacturing fundamental blocks, flights of stairs, floor slabs have been put into operation at the house-building complex which have made it possible to expand construction work by private persons, state, joint-stock and private companies in these ventures.

Assistance in training national specialists takes a significant place in the Soviet-Afghan cooperation. Over the years of cooperation Soviet specialists have instructed about 70 thousand skilled workers at various projects by means of individual, team and course training. Educational centres being set up in Afghanistan are also successful in preparing skilled workers. The intergovernmental documents dated October 30, 1979, and January 29, 1981, envisage the Soviet Union's assistance in building and equipping eight new educational centres.

Over ten years have passed since the polytechnical institute and automotive technical school in Kabul and the

Mazar-i-Sharif oil and mining technical school were built with USSR assistance and given to Afghanistan as a gift. A large group of Soviet teachers helps the Afghan colleagues to arrange educational courses. The above three educational establishments have trained almost 2,700 engineers and technicians.

The Soviet Union also presents every year a great number of free scholarships to Afghan students to study at higher and secondary specialized educational establishments in the Soviet Union.

USSR economic and technical assistance has become an important factor in developing Afghanistan's economy. The projects constructed and being operated with Soviet technical assistance assure 100 per cent of natural gas production, the manufacture of nitrogen fertilizers and parts for large-panel house-building. The power stations constructed with Soviet assistance constitute over 50 per cent of the country's power capacities.

The share of enterprises constructed with the Soviet Union's participation in the total volume of the state sector's industrial production is more than seventy per cent. The receipts from realization of these products amount to 40 per cent of the state budget revenue.

The Soviet Union has long been Afghanistan's largest trade partner. After the April Revolution the two countries' trade turnover more than trebled. In repayment for equipment, machinery and materials being delivered from the USSR the Democratic Republic of Afghanistan exports its national products to our country such as carbamide, gas, citrus, olives and the traditional products: wool, dried fruits, cotton, carpets, etc.

The increasing volumes of the bilateral trade and economic relations, their qualitatively new content after the April Revolution have required the creation of new bodies to regulate deliveries on planned principles. Of great relevance was the agreement on establishing a Soviet-Afghan Permanent Intergovernmental Commission on Economic Cooperation, signed in December, 1978, entrusted with coordinating the efforts of the two countries' organizations aimed at furthering this cooperation. Two meetings of the Commission at which specific matters of cooperation in various spheres and future prospects were considered and discussed in a business-like atmosphere had successful outcomes both in Moscow and Kabul.

The changes which have occurred in Afghanistan over the past five years since the victory of the April Revolution convincingly witness the high level achieved in the bilateral trade and economic cooperation between the two friendly neighbouring countries.

The deep socio-economic reorganizations which are taking place in the Democratic Republic of Afghanistan cause a protest on the part of the enemies of the Afghan Revolution. Imperialism and counter-revolution continue their undeclared war against Afghanistan. Industrial enterprises, communication lines and irrigation systems have become the objects of subversive activity. The Afghan people's enemies try to hinder the development of Soviet-Afghan economic and technical cooperation. However, all their efforts are futile, they are doomed to failure.

The revolution in Afghanistan continues and its process is irreversible. The Afghan people have the full support and solidarity of the Soviet Union, other socialist countries and all progressive forces throughout the world.

COPYRIGHT: "Vneshnyaya trgovlya" 1983  
English translation "Foreign Trade", 1983

CSO: 1812/158

TRADE WITH LDC'S

BRIEFS

DRA DELEGATION VISITS UZBEKISTAN--A DRA Commerce Ministry delegation headed by Azam (Sayeh), the director of the DRA's [name indistinct] trade company, is currently visiting the Uzbek SSR. On 11 April, the guests visited an exhibition by the chairmanship council of the Union Consumers' Societies. The exhibition displayed over 400 items. Meanwhile, the guests from the DRA will acquaint themselves with Tashkent and the work of trade organizations in the Tashkent Oblast. The aim behind the visit is to strengthen regional trade. It is useful to note that trade between the Soviet Union and the DRA is gradually increasing. And, Uzbekistan is making a significant contribution toward the growth of trade between the two countries. [Excerpt] [GF121418 Tashkent International Service in Uzbek 1700 GMT 11 Apr 83]

CSO: 1825/43

END